

The Washington City Council met in a regular session on Monday, January 13, 2014 at 5:30 pm in the City Council Chambers at the Municipal Building. Present were: Mac Hodges, Mayor; Bobby Roberson, Mayor Pro tem; Doug Mercer, Councilman; William Pitt, Councilman; Richard Brooks, Councilman; Larry Beeman, Councilman; Brian M. Alligood, City Manager; Cynthia S. Bennett, City Clerk and Franz Holscher, City Attorney.

Also present were: Stacy Drakeford, Police & Fire Services Director; Robbie Rose, Fire Chief; Allen Lewis, Public Works Director; Keith Hardt, Electric Utilities Director; John Rodman, Community/Cultural Resources Director; Kristi Roberson, Parks and Recreation Manager; Susan Hodges, Human Resources Director; Gloria Moore, Library Director; Lynn Wingate, Tourism Director; David Carraway, IT Department and Mike Voss, Washington Daily News.

Mayor Hodges called the meeting to order. Councilman Mercer delivered the invocation.

APPROVAL OF MINUTES:

Councilman Mercer commented that the heading for the adjournment date should read Monday, January 13, 2014 instead of Thursday.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council approved the minutes of December 9, 2013 as amended.

APPROVAL/AMENDMENTS TO AGENDA:

Mayor Hodges reviewed the requested amendments to the agenda:

- Add under New Business Item D: Mid-East Commission Request for Support of New Offices Project
- Add under New Business Item E: Electric Fund and Electric Utilities Advisory Board

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council approved the agenda as amended.

CONSENT AGENDA:

By motion of Councilman Mercer, seconded by Councilman Brooks, Council approved the consent agenda as presented.

- A. Adopt – Budget Ordinance Amendment for the Façade Grant Program

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2013-2014**

BE IT ORDAINED by the City Council of the City of Washington, North Carolina:

Section 1. That the following accounts of the General Fund appropriations budget be increased or decreased by the amounts indicated to provide additional funding for the Façade Grant Program:

10-00-9990-9990	Contingency	\$ (10,090)
10-00-4400-6700	Transfer to Façade Fund	<u>10,090</u>
	Total	\$ 0

Section 2. That the following account of the Façade Grant Program Fund revenue budget be increased by the following amount:

67-60-3980-1000	Transfer from G/F	\$ 10,090
-----------------	-------------------	-----------

Section 3. That the following account of the Façade Grant Program Fund appropriations budget be increased by the following amount:

67-60-8280-9700	Façade Grants	\$ 10,090
-----------------	---------------	-----------

Section 4. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 5. This ordinance shall become effective upon its adoption.

Adopted this the 13th day of January, 2014.

ATTEST:

s/ Cynthia S. Bennett
City Clerk

s/Mac Hodges
Mayor

- B. Adopt – Budget Ordinance Amendment for the Comprehensive Parks & Recreation Master Plan

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2013-2014**

BE IT ORDAINED by the City Council of the City of Washington, North Carolina:

Section 1. That the following account of the General Fund revenue budget be increased to provide funds for the City match of the Comprehensive Parks & Recreation Master Plan Grant:

10-00-3991-9910	Fund Balance Appropriated	\$5,000
-----------------	---------------------------	---------

Section 2. That the following account of the General Fund appropriations budget be increased:

10-00-4400-9201	Transfer to Grant Fund	\$ 5,000
-----------------	------------------------	----------

Section 3. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 4. This ordinance shall become effective upon its adoption.

Adopted this the 13th day of January, 2014.

ATTEST:

s/ Cynthia S. Bennett
City Clerk

s/Mac Hodges
Mayor

- C. Declare Surplus/Authorize – Electronic Auction of Vehicle through GovDeals
- | <u>Vehicle #</u> | <u>Make/Model</u> | <u>Serial #</u> | <u>Odometer Reading</u> |
|------------------|---------------------------------------|-------------------|-------------------------|
| 456 | 1996 International
4700 Dump Truck | 1HTSCABMOTH390788 | 102,879 |

**Vehicle #513 was replaced at the Cemetery. The old #513 was transferred to Public Works to replace #456 that was in poor condition.*

- D. Approve – Purchase Orders >\$20,000
**Requisition #13801, \$85,000, to EMA Resources to dispose of residual sludge from the sewer treatment plant, account 32-90-8220-4500.*

COMMENTS FROM THE PUBLIC: none

SCHEDULED PUBLIC APPEARANCES:

JANELLE LEWIS – BEAUFORT COUNTY HEALTH DEPARTMENT DONATION TO THE CITY OF WASHINGTON

Ms. Janell Lewis explained that the Beaufort County Health Department made a monetary donation towards the purchase of a new slide to be installed at Havens Gardens. She thanked the City for allowing them to be a part of this project.

HAYWOOD DAUGHTRY AND DWAYNE ALLIGOOD – NORTH CAROLINA DEPARTMENT OF TRANSPORTATION 15TH STREET WIDENING PROJECT

Dwayne Alligood, NCDOT Division 2 Operations Engineer and Haywood Daughtry, NCDOT Regional Safety and Mobility Engineer reviewed the proposed 15th Street widening project with Council.

W-5008 (Federal Highway Safety Project -State Transportation Improvement Program Identification Number)

The project consists of widening 15th Street (SR 1306) between US 17 and Pierce Street from an undivided four-lane roadway to a divided four-lane roadway with a center median. Center left turn lanes will be provided at locations as determined during the project planning and should include left turn lanes at signalized intersections at a minimum. Additional left turn lanes may be provided if there is adequate spacing. The existing curb and gutter section is 48 feet wide from face of curb to face of curb. The proposed curb and gutter section is 64 feet wide from face of curb to face of curb and will include a berm section on the back side of the curb and gutter that can accommodate sidewalk in the future.

The most recent analysis of crashes between US 17 Business and Pierce Street was from 1/1/2008 to 12/31/2012. It showed a total of 147 crashes that would be positively affected by construction of the proposed median. Of the 147 crashes, 62 include minor to moderate injuries and the remaining 85 include property damage only. If the City chooses to proceed with the project the crash data will be updated.

The cost benefit is to reduce/eliminate the number of crashes in this area, while the estimated cost of the project is approximately \$3.2 million.

Dwayne Alligood reviewed a study conducted by the Institute for Transportation Research and Education (ITRE) regarding the economic effects of access management techniques. ITRE is a part of North Carolina State University.

This project was first reviewed in 2000 due to the number of crashes at the intersection of 15th Street and Washington Street. The project was submitted in June 2002, at that time the project called for construction of a center turn lane at between Washington Street and Pierce Street. The agreement at that time noted that NCDOT would agree to pay the construction cost and the City would be responsible for utility relocations and right-of-way acquisitions. Unfortunately, the City was unable to acquire the right-of-ways and relocate the utilities. In September 2011, the City went back to NCDOT regarding the potential of relocating the signal light from Washington Street to Pierce Street. NCDOT was agreeable to that suggestion, but the intersection of 15th and Washington Street would still need to be addressed due to the number of motor vehicle crashes at that intersection. The project was almost pulled completely. Haywood Daughtry reviewed the entire section of 15th Street and the associated crash data.

Dwayne Alligood explained that the scope of the project has changed to include a divided roadway from on 15th Street from US 17 to Pierce Street, including channelized cross overs. NCDOT is asking the City to review this project and determine if they want to support it.

Haywood Daughtry reviewed the most recent crash analysis with Council (2008-2012). There would be approximately 200 crashes that would have been positively affected with this project at the intersection of 15th Street and Washington Street as well as 15th Street and Minute Man Lane. Council was asked to consider this project and hopefully offer support of this project. These are Federal funds that are competitively sought throughout the state.

Dwayne Alligood reviewed the cost breakdown with Council noting that NCDOT will cover the construction and right-of-way acquisition costs as well as utility relocations if outside of the current right-of-way. If the utilities are located in the existing right-of-way then the City will cover the utility relocation expenses. The City went after and acquired \$150,000 of discretionary funds from the Legislature to help with utility relocations on this project. If the cost for utility relocation does not exceed \$150,000 then there is no cost to the City, anything above that amount, the City would be responsible for.

Projected construction will begin in 2015 with approximately 8 months to complete the project. Discussion was held regarding mid-block crossing for pedestrians (similar to the projects in Greenville on Charles Boulevard as well as 5th Street).




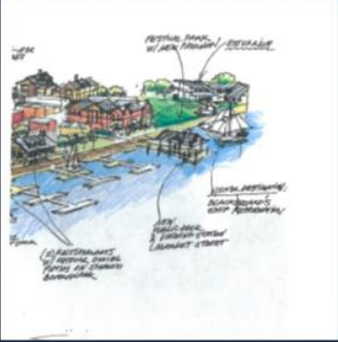

Brian Alligood, City Manager explained that if you were to look at this particular roadway in comparison to others across NC, the section on 15th Street has 3 times as many crashes as other road ways across the state. Councilman Mercer requested preliminary numbers on utility relocations from staff. Council will discuss this item further at the February 10th Council meeting.

6:00pm PUBLIC HEARING ON ZONING: none

PUBLIC HEARING – OTHER:

ADOPT – RESOLUTION AUTHORIZING SUBMISSION OF 2014 PUBLIC WATERFRONT ACCESS GRANT FUND APPLICATION

Mayor Hodges opened the public hearing and John Rodman, Community & Cultural Resources Director came forward and delivered the following presentation regarding a Waterfront Access Grant for the People’s Pier.

<p>Public Pier</p> <p>In the heyday of Washington's commercial waterfront, piers accomplished the efficient transfer of goods from boat to land and back again. Piers were also arrival and departure points for visitors. Boats often arrived at Fowles' Wharf at the foot of Respass Street.</p> <p>When people glimpse a river from inland, it creates within them a wish to come closer to the water. Once they do, they like to continue out into the water – on a pier, bridge or boat – and turn to view the land from the river. The nearly universal desire for this type of experience can be met by adding some of the features to the Washington waterfront.</p>  	<p>Public Pier</p> <p>Provision of access to the water's edge is something that the City already does well. The consideration to improve these areas should be focused on places where access can be improved further, such as expanding the promenade in key locations and providing spaces where people can actually walk out onto the water.</p> 
<p>Public Pier</p> <p>During the City's Waterfront Visualization and Reinvestment Strategy, completed in 2009, community visioning workshops were held. As part of these work sessions key comments and ideas were expressed:</p> <ol style="list-style-type: none">1. Expand opportunities for boaters, provide basic services (restrooms, showers)2. Maximize opportunities for green space & provide a park.3. Explore the creation of a hotel along the waterfront.4. Provide for a municipal pier for public access. 	<p>Public Pier</p> <p>The Project proposes to take advantage of the City's waterfront by creating a new pier at the foot of Market Street and Harding Square to extend the public space and celebrate Washington's relationship to the Pamlico River.</p> 

Public Pier



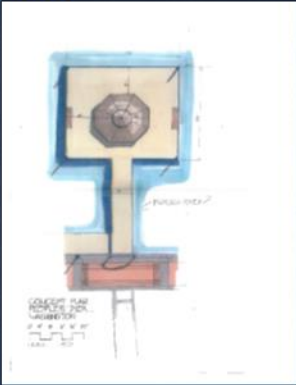
Public Pier

The new pier will create a signature public space that invites pedestrians from the promenade to walk out over the river and experience the Pamlico in a more satisfying way. Views would be considerably improved by a pier that extends beyond the current pier head line so that visitors would have uninterrupted views of the Washington shoreline.



Public Pier

The plan shows a new pier extending from a line with Harding Square. (60'-70') It has a T platform, which has been indicated as a more practical design. The platform is designed to be 42' x 35' (1470 sq. ft.). The walkway is approximately 35' long and 8' wide. The pier will contain railings to match the promenade.



Public Pier

The platform will contain a gazebo or cabana style building in order to provide shade during the summer months and to provide a place for the public to gather. The shelter will be approximately 20' x 20' (400 sq. ft.) with plans for it to match the structures at Festival Park. The location will provide a centrally located facility along the promenade close to parking, the downtown area, and historic neighborhoods.



Public Pier

Phases of Feasibility of a pier

- ✓ 1. City Council knowledge and approval.
- ✓ 2. The Assessment of Permit Issues and Requirements.
- ✓ 3. The Assessment of Geotechnical and Site Conditions.
- ✓ 4. Public input and development of conceptual designs, culminating in a public presentation of a proposed pier concept.
- ★ 5. Probable cost and funding for constructing the pier depicted in the final concept.

Public Pier

DCM is pleased to notify local governments in the 20-county coastal area that the Division of Coastal Management (DCM) has an estimated \$950,000 in grant monies available for awards in April 2014.

The 2014 Fast Track Cycle Application Package and the 2014 Fast Track Cycle Application Form are attached.

The 2014 Fast Track Cycle will have a single application step. Local governments interested in receiving financial assistance must complete and submit 2 printed copies of the attached Application Form with attachments and graphics and 1 cd on USB drive with digital files. Your local DCM District Planner must receive applications before 5:00 pm on Friday, February 28, 2014.

This is a Fast Track application process separate from our regular annual pre- and final application process. We will be sending out notices of the pre-application process for our regular Public Beach and Waterfront Access Grant round in February 2014.

Public Pier

Application Budget Total:

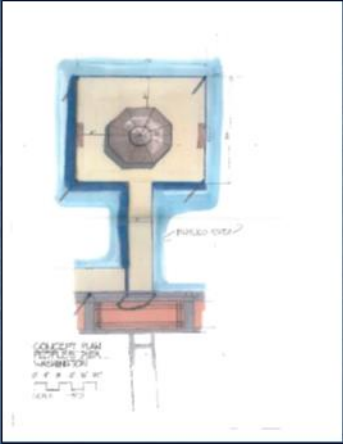
1. DCM Grant Assistance Requested	\$ 120,000	
2. Local Contribution	\$ 30,000	75%/25%
Local Cash	\$ 15,000	
Local In-Kind	\$ 15,000	
Local Cash (Grant Assistance):	\$	Funding Source:
Local Cash (Grant Assistance):	\$	Funding Source:
TOTAL PROJECT COST	\$ 150,000	

Public Pier

	Grant Assistance Requested	Local Cash Contribution	Local In-Kind Contribution	TOTAL
Land Acquisition Costs	N/A			N/A
Permit and Design Fees	\$16,000	\$3,000		\$19,000
Site Improvement Costs- Materials	\$54,000	\$6,000	\$10,000	\$70,000
Site Improvement Costs- Labor	\$50,000	\$6,000	\$4,000	\$60,000
Local Administrative Costs			\$1,000	\$1,000
TOTAL BUDGET	\$120,000	\$15,000	\$15,000	\$150,000

Need:
Approval by Council to submit an application to the NC Division of Coastal Management for their Fast Track Public Beach and Water Access Grant Program to construct a public pier.

Questions?



The NC Public Beach and Waterfront Access Program is a matching grant program administered by the Department of Environment and Natural Resources, Division of Coastal Management. The purpose of the public hearing is to describe the construction and the design of the municipal pier, also called the "Peoples Pier". Approved activities through this program include land acquisition, site improvements, and amenities for public access.

For construction projects local government match for Tier 2 counties must be at least 25% of the total project costs. At least 1/2 of the local contribution (12.50% of the total cost) must be cash; the remainder may be in-kind.

Mayor Pro tem Roberson inquired if the committee considered a fully covered platform and Mr. Rodman noted the committee considered that, but felt it would be better to have it only partially covered. Mayor Pro tem Roberson asked Mr. Rodman to review ways to keep the pigeons/birds off of the roof. This pier will require a modification of the CAMA permit and does not extend into the channel.

Councilman Mercer inquired who was on the citizen group/committee. Mr. Rodman reviewed the membership list and noted he would have the full list of members forwarded to Council. Councilman Mercer reviewed recent/future projects in the Revitalization Plan.

Public Comments:
Howard Tanner, Dianna Aideuis and Karen Tripp expressed their concerns and opposition to the pier. Rebecca Clark, Chris Furlough, Trent Tetterton and Bill Sykes expressed their comments in support of the pier.

Councilman Mercer stated he is opposed to building the pier because the project connecting Haven’s Gardens to the boat ramp (walkway under the bridge) has not been completed.

Councilman Brooks inquired if we had contacted anyone that could give us a cost to build this and Mr. Rodman noted he has contacted two marine contractors. The high estimate was \$60 sq./ft. and low bid was \$29 sq./ft. Has a public pier been discussed at any time prior to tonight? Mr. Rodman explained he believed it was included in a recent CIP and was included in the Revitalization Plan in 2008-2009.

Councilman Pitt inquired where the nearest community pier was located and Mr. Rodman noted several locations including Bath, Swansboro, New Bern, etc.

City Manager, Brian Alligood noted this project was discussed at the last Recreation Advisory Meeting and they agreed this was the best project to put forward with the fast track funds.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council adopted the resolution in support of the City Manager submitting a \$150,000 proposal to the North Carolina Division of Coastal Management, Public Beach and Waterfront Access Funds "Fast Track" grant program for year 2014 for the construction of a municipal pier located along

the promenade at the intersection with Harding Square. Motion carried 4-1 with Councilman Mercer opposing.

Mayor Hodges closed the public hearing.

**RESOLUTION OF SUPPORT FOR THE CITY OF WASHINGTON'S
APPLICATION FOR THE N.C. DIVISION OF COASTAL MANAGEMENT'S
PUBLIC BEACH AND WATERFRONT ACCESS "FAST TRACK"
GRANT FUNDS**

WHEREAS, the N. C. Public Beach and Coastal Waterfront Access Program is a matching grant program administered by the Department of Environment and Natural Resources, Division of Coastal Management; and

WHEREAS, the City of Washington will forward an application to the Division of Coastal Management(DCM) requesting a grant from the N.C. Public Beach and Waterfront Access Program for year 2014; and

WHEREAS, this year the request for funding demonstrates the continued interest by the local government to improve public access to the waterfront; and

WHEREAS, the City of Washington understands the primary purpose of the program is to provide pedestrian access to the waterfront; and

WHEREAS, the people of Washington realize the importance of public access to the Tar and Pamlico Rivers; and

WHEREAS, the construction of a municipal pier is critical to achieve public access along the Tar and Pamlico Rivers; and

WHEREAS, the City advertised and conducted a public hearing on January 13, 2014 for the purpose of soliciting public comment on the proposed public pier and 2014 CAMA "Fast Track" grant application, and

NOW THEREFORE BE IT RESOLVED, the City Council of the City of Washington does hereby go on record supporting the submission of the application to the N.C. Division of Coastal Management for Public Beach and Waterfront Access funds for the construction of a municipal pier along the Washington Waterfront

Adopted this the 13th day of January, 2014 in Washington, North Carolina.

ATTEST:

**s/ Cynthia S. Bennett
City Clerk**

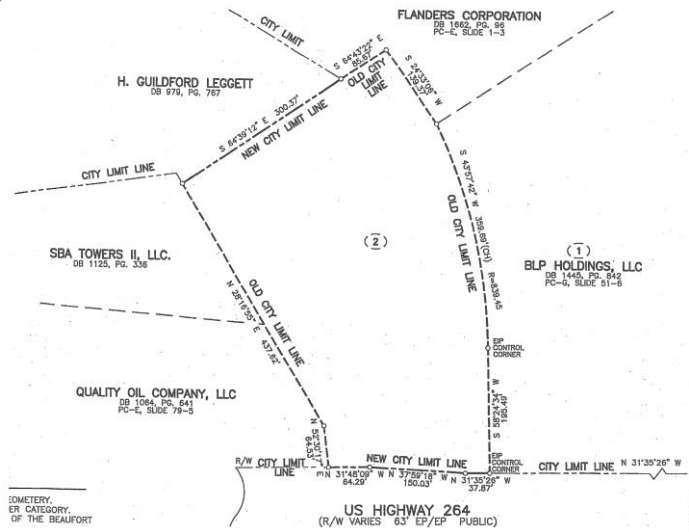
**s/Mac Hodges
Mayor**

**ADOPT – ANNEXATION ORDINANCE TO EXTEND CITY OF WASHINGTON
CORPORATE LIMITS FOR A NON-CONTIGUOUS ANNEXATION
WEST END PARK MOTORS**

Mayor Hodges opened the public hearing and John Rodman, Community & Cultural Resources Director explained the annexation request to Council. Mr. Rodman explained that at the December 9, 2013 City Council meeting, Council adopted a resolution calling for a public hearing on the request for an annexation of the subject property located on US Hwy 264 West and containing 4.62 acres. After the Public Hearing if Council desires to proceed with the annexation an ordinance needs to be adopted that will place the property inside the city limits effective January 13, 2014. Mr. Rodman reviewed the cost benefit analysis for annexing this property, overall the benefit would be a little over \$7,000 for the next two years.

Mayor Hodges asked why this company asked to be annexed into the City. Mr. Rodman explained that it is the City's policy for commercial businesses if they want City services such as water and sewer, then they are required to submit an annexation request. This doesn't mean that the City Council has to approve their annexation request. Discussion was held regarding

contiguous annexations vs. non-contiguous annexations (satellite annexations). Councilman Mercer noted if the annexation is not approved then the water and sewer income to the City would double. Mr. Rodman noted that would be correct, but we would not receive the benefit of City property taxes if they were not annexed.



West Park Motors Inc
US Hwy 264 W
Estimated General Fund Revenues/Costs (2013-2014)

Annexation Name:	West Park Motors
Number of Parcels:	1
Acreage:	4.62 acres
General Location:	US Hwy 264 W
Population:	0 persons
Public Streets:	US Hwy 264 – State maintained
Current Total Assessed Tax Value:	\$228,000
Current Zoning:	B-2 (General Business)
Notes:	Located in ETJ

Estimated General Fund Revenues			1 st Year	2 nd Year
Real Property Tax	1 st Year	2 nd Year	\$1,254	\$4,425
	\$228,000	\$804,500		
Personal Property			\$206	\$206
Sales Tax			\$0	\$0
Vehicle Tax			\$0	\$0
Utilities Franchise Tax			\$0	\$0
Powell Bill Funds			\$0	\$0
Storm Water Assessment			\$648	\$648
Sanitation Fee			\$0	\$0
Cable TV			\$0	\$0
Beer and Wine Tax			\$300	\$300
Total Estimated Revenues			\$2,408	\$5,579

Estimated General Fund Costs	1 st Year	2 nd Year
Administrative Services	\$500	\$0
Added Fire Protection	\$50	\$50
Added Police protection	\$100	\$100
Street Maintenance	\$0	\$0
Street Lighting	\$0	\$0
Solid Waste	\$0	\$0
Public Works	\$800	\$500
Recreation	\$0	\$0
Start Up Costs	\$500	\$0
Total Estimated Costs	\$1,950	\$650

Estimated Costs of Property Owner	1 st Year	2 nd Year
Water/Sewer Tap Fees*	\$1800	\$0
Water/Sewer Impact Fees*	\$920	\$0
Environmental Fee*	\$1000	\$0
Fire Hydrant	\$0	\$0
*To be paid by property owner	\$3,720	\$0
**Only in City Limits		

Water/Sewer Rates	3/4" Meter	3/4" Meter
Inside City Limits	Avg. Monthly Use	Avg. Monthly Use
	Water	Sewer
	\$69.47 x 12 = \$834/yr	\$88.30 x 12 = \$1060/yr
Outside City Limits	Avg. Monthly Use	Avg. Monthly Use
	Water	Sewer
	\$99.43 x 12 = \$1193/yr	\$119.28 x 12 = \$1431/yr
Total	-\$359	-\$371

Cost/Benefit	1 st Year	2 nd Year
Estimated Revenues	\$6128	\$5579
Estimated Costs	-\$1950	-\$650
Total	+\$4178	+\$4929
Inside/Outside rates	-\$730	-\$730
Total	+\$3448	+\$4,199

There were no comments from the public regarding the annexation request.

By motion of Mayor Pro tem Roberson, seconded by Councilman Mercer, Council adopted the annexation ordinance to extend the City of Washington corporate limits for the non-contiguous annexation of the West End Park Motors property located on US Hwy 264 and containing 4.62 acres.

AN ORDINANCE TO EXTEND THE CORPORATE LIMITS OF THE
CITY OF WASHINGTON, NORTH CAROLINA

WHEREAS, the Washington City Council has been petitioned under G.S. 160A-31 to annex the area described below; and

WHEREAS, the Washington City Council has by resolution directed the City Clerk to investigate the sufficiency of the petition; and

WHEREAS, the City Clerk has certified the sufficiency of the petition and a public hearing on the question on of this annexation was held at the City Council Chambers on the 2nd floor of the municipal building located at 102 East 2nd Street at 6:00 p.m. on Monday, January 13, 2014, after due notice by the Washington Daily News on January 3rd, 2014;

WHEREAS, the Washington City Council finds that the area described herein meets the standards of G.S. 160A-31;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Washington, North Carolina that:

Section 1. By the virtue of the authority granted by G.S. 160A-31, the following described territory is hereby annexed and made part of the City of Washington as of January 13, 2014: Being all of that tract of land noted on that survey "Area to be annexed by the City of Washington" by Mike Baldwin, P.A. dated November 2013 and being located in Washington Township, Beaufort County North Carolina and being more particularly described as follows;

Beginning at a point on the northern right-of-way of US Hwy 264 and being the northwest corner of BLP Holdings, LLC tract and running N 31 35'26" W 37.87 feet to a point thence N 37 59' 18" W 150.03 feet to a point in the right of way and thence N 31 48' 09" W 64.29 feet to a point in the northern right of way being the centerline of an existing ditch along the western boundary and running N 52 30' 17" E 64.53 feet to a point along the ditch thence N 28 16' 55" E 437.62 feet to a point along the northern boundary of this property running thence S 64 39' 12" E 300.37 feet to a point running thence S 64 43' 22" E 85.67 feet to a point on the eastern boundary running thence S 24 33' 06" W 139.37 feet to a point on the eastern property line running thence along an arc with a radius of 839.45 feet and a chord running S 46 43' 15" E 340.13 feet to a point on the eastern property line and running thence S 58 24' 34" W 195.49 feet to the point of beginning and being all of 4.619 acres recorded in DB 1777 Page 0590.

Together with and subject to covenants, easements, and restrictions of record.

Said property contains 4.62 acres more or less.

Section 2. Upon and after January 13, 2014, the above described territory and its citizens and property shall be subject to all debts, laws, ordinances and regulations in force in the City of Washington and shall be entitled to the same privileges and benefits as other parts of the City of Washington. Said territory shall be subject to municipal taxes according to G.S. 160A-58.10.

Section 3. The Mayor of the City of Washington shall cause to be recorded in the office of the Register of Deeds of Beaufort County, and in the office of the Secretary of the State in Raleigh, North Carolina, an accurate map of the annexed property, described in Section 1 above, together with a duly certified copy of this ordinance. Such a map shall also be delivered to the County Board of Elections, as required by G.S. 163-288.1.

Adopted this 13th day of January, 2014

ATTEST:

**s/Cynthia S. Bennett
City Clerk**

**s/Mac Hodges
Mayor**

**ADOPT – ANNEXATION ORDINANCE TO EXTEND CITY OF WASHINGTON
CORPORATE LIMITS FOR A NON-CONTIGUOUS ANNEXATION ~
MONTESSORI CHARTER SCHOOL**

Mayor Hodges opened the public hearing and John Rodman, Community & Cultural Resources Director explained the annexation request for the Washington Montessori Charter School. Mr. Rodman explained that this piece of property is not only outside of the City limits, but outside of our zoning jurisdiction. If Council approves the annexation, we will need to zone the property accordingly. The property will remain vacant for the next couple of years until they

plan to build additional structures there. The other piece of property where the school is now has been annexed into the City so the school could take advantage of the city water and sewer rates. There are no cost benefits to the City as the Montessori is a non-profit charter school.

There were no comments from the public regarding the annexation request.

Councilman Mercer expressed the concerns he had over the previous annexation of this property, but Council at that time approved the annexation and feels there is no reason not to annex this portion as well.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council adopted the annexation ordinance to extend the City of Washington corporate limits for the non-contiguous annexation of the Washington Montessori Charter School property located on Old Bath Hwy & US Hwy 264 and containing 6.95 acres.

Washington Montessori Charter School
Old Bath Hwy

Estimated General Fund Revenues/Costs (2013-2014)

<i>Annexation Name:</i>	Washington Montessori School
<i>Number of Parcels:</i>	1
<i>Acreage:</i>	6.95 acres
<i>General Location:</i>	US Hwy 264 E & Old Bath Hwy
<i>Population:</i>	0 persons
<i>Public Streets:</i>	Old Bath Hwy – State maintained
<i>Current Total Assessed Tax Value:</i>	\$28,003
<i>Current Zoning:</i>	No Zoning
<i>Notes:</i>	Outside ETJ

Estimated General Fund Revenues			1st Year	2nd Year
Real Property Tax	1 st Year	2 nd Year	*	*
	\$28,003	\$28,003		
Personal Property			\$0	\$0
Sales Tax			\$0	\$0
Vehicle Tax			\$0	\$0
Utilities Franchise Tax			\$0	\$0
Powell Bill Funds			\$0	\$0
Storm Water Assessment			\$648	\$648
Sanitation Fee			\$0	\$0
Cable TV			\$0	\$0
Beer and Wine Tax			\$0	\$0
Total Estimated Revenues			\$648	\$648

Estimated General Fund Costs		1st Year	2nd Year
Administrative Services		\$100	\$0
Added Fire Protection		\$0	\$0
Added Police protection		\$0	\$0
Street Maintenance		\$0	\$0
Street Lighting		\$0	\$0
Solid Waste		\$0	\$0
Public Works		\$500	\$500
Recreation		\$0	\$0
Start Up Costs		\$0	\$0
Total Estimated Costs		\$600	\$500
Estimated Costs of Property Owner			
Water/Sewer Tap Fees*		\$0	\$0
Water/Sewer Impact Fees*		\$0	\$0
Environmental Fee*		\$0	\$0

Fire Hydrant	\$0	\$0
*To be paid by property owner	\$0	\$0
**Only in City Limits		

Water/Sewer Rates	3/4" Meter	3/4" Meter
Inside City Limits	N/A	N/A
Outside City Limits	N/A	N/A
Total	N/A	N/A

Cost/Benefit	1 st Year	2 nd Year
Estimated Revenues	\$648	\$648
Estimated Costs	-\$600	-\$500
Total	\$48	\$148
Inside/Outside rates	-	-
Total	+\$48	+\$148

*** Washington Montesorri is a private non-profit public charter school and is not subject to taxes.**

**AN ORDINANCE TO EXTEND THE CORPORATE LIMITS OF THE
CITY OF WASHINGTON, NORTH CAROLINA**

WHEREAS, the Washington City Council has been petitioned under G.S.160A-31 to annex the area described below; and

WHEREAS, the Washington City Council has by resolution directed the City Clerk to investigate the sufficiency of the petition; and

WHEREAS, the City Clerk has certified the sufficiency of the petition and a public hearing on the question on of this annexation was held at the City Council Chambers on the 2nd floor of the municipal building located at 102 East 2nd Street at 6:00 p.m. on Monday, January 13, 2014, after due notice by the Washington Daily News on January 3, 2014;

WHEREAS, the Washington City Council finds that the area described herein meets the standards of G.S; 160A-31;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Washington, North Carolina that:

Section 1. By the virtue of the authority granted by G.S. 160A-31, the following described territory is hereby annexed and made part of the City of Washington as of January 13, 2014: Being all of that tract of land noted on that survey "Asbury Methodist Church" by Bryant Hardison, PLS. dated July 2012 and being located in Long Acre Township, Beaufort County North Carolina and being more particularly described as follows;

It being tract two (2) containing 6.954 acres as shown on survey dated July 23, 2012 entitled "Boundary Survey for Asbury Methodist Church Harold Alligood Tract Division" prepared by Wood Duck Land Surveying, PC of record in Plat Cabinet H, Slide 93-2, Beaufort County Registry, to which map reference is herein made and incorporated for a more complete and detailed description.

Together with and subject to covenants, easements, and restrictions of record.

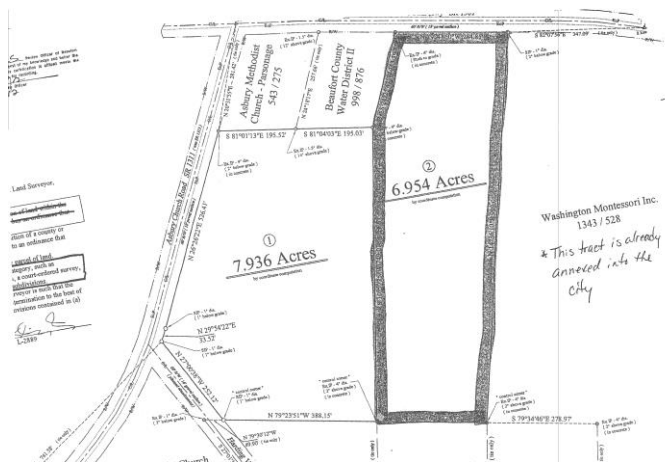
Said property contains 6.95 acres more or less.

Section 2. Upon and after January 13, 2014, the above described territory and its citizens and property shall be subject to all debts, laws, ordinances and regulations in force in the City of Washington and shall be entitled to the same privileges and benefits as other parts of the City of Washington. Said territory shall be subject to municipal taxes according to G.S. 160A-58.10.

Section 3. The Mayor of the City of Washington shall cause to be recorded in the office of the Register of Deeds of Beaufort County, and in the office of the Secretary of the State in Raleigh, North Carolina, an accurate map of the annexed property, described in Section 1 above, together with a duly certified copy of this ordinance. Such a map shall also be delivered to the County Board of Elections, as required by G.S. 163-288.1.

ATTEST:
s/ Cynthia S. Bennett
City Clerk

s/Mac Hodges
Mayor



SCHEDULED PUBLIC APPEARANCES:
MARC FINLAYSON – US HIGHWAY 17 ECONOMIC IMPACT STUDY



The study looks at three “build” scenarios: The first is simply finishing the projects that NCDOT has already partially funded. This is Plan A. The second scenario takes plan A and adds to it those projects that are on the STIP but are not funded within the seven year cycle, plus includes unfunded safety projects that ought to be done. The second phase is called Plan B.

The third “build” scenario takes the Plan A projects – already partially funded – and then evaluates what US 17 would be like if the entire corridor were ungraded to Interstate quality standards. The Interstate upgrade is called Plan C.

In each case the study examines the costs of the projects and the expected economic benefit to the region of investing in them. The outcome is quantifiable number of jobs and economic output.

The projects included in Plan A are the Hampstead Bypass, Jones County projects, the New Bern Bypass and Williamston to Washington.

Indeed, the Jones County projects are now fully funded and will begin construction in June 2015. Four-laning Jones County will be a tremendous boon to citizens along the entire corridor but most especially Jones County.

Economic Value



- \$450M expenditure yields \$2B return
- 4.5 : 1 Investment return ratio
- Job Creation – 1,052 Construction
- Job Creation – 2,024 Recurring



Plan A creates over 1,000 construction related jobs in each year between 2018 and 2022. After completion it yields over 2,000 permanent jobs across all segments of the economy. The economic output of Plan A is about \$2 billion – a big number, but much smaller than the other two plans. But when compared to the very modest expenditure required of NCDOT, the rate of return on the investment is 4.5 to 1.

Potential Benefits



- Agribusiness and Ports
- Tourism
- Military



US 17 impacts the three largest sectors of our state's economy: agribusiness, the military and tourism.

30% of Beaufort County is agricultural land and with over 160,000 acres in agriculture you have by far the most Ag acreage in the corridor. Getting products to market by an improved transportation system will be extremely beneficial.

Beaufort County is in the top half of corridor counties in Tourism payroll, income and tax revenue. Beaufort yields almost \$8 million in annual tax receipts from tourism – not an insignificant amount. That figure would undoubtedly increase with the transportation improvements.

The military component poses an interesting conundrum. The military wants infrastructure that provides safety and mobility for the movement of troops and materiel. However, improved transportation infrastructure brings growth and growth brings encroachment on military facilities and training ranges. We understand that if the military can't fulfill its mission in its current locations it will move to new locations where it can. We have to be smart about growth.

Plan B



- Finance unfunded STIP projects
- Improve additional 31 miles along the US 17 corridor
- Total projected cost - \$360 million for projects undertaken during the years 2023-26



The “Build 2” scenario is Plan A + Plan B.

The projects in Plan B are not currently funded and would require an additional \$360 million to complete beyond 2022.

The STP projects are the last two improvements in Jacksonville associated with the Jacksonville Bypass; Bridgeton to Vanceboro; Vanceboro to Chocowinity; and some safety related improvements.

Safety Improvements



- Upgrade remaining multilane sections
- Four-lane remaining two-lane sections
- Improvements vary by county



This scenario includes ordinary safety improvements that should occur along the US 17 corridor anyway.

Beaufort County gets an “A” grade on shoulder width for example. 82% of US 17 miles in the county meet NCDOT criteria. Other counties are not as fortunate.

Plan C



- Add improvements to upgrade US 17 to interstate standards along entire 282 miles
- Upgrade would not be completed within 2035 Study timeframe

The “Build 3” scenario is Plan A + Plan C.

Plan C would upgrade all of US 17 to interstate standard. This is a very expensive proposition and could not be completed under any possible funding scenario until after 2035. However, that does not mean it’s not worth pursuing.

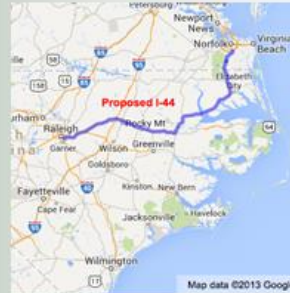
In today’s dollars it would cost about another \$550 million beyond what’s already budgeted for Plan A projects. However, the economic impact of such a plan would be nearly \$3 billion and would yield 2.25 times the expenditure comparing in today’s dollars.

It would also net over 4,000 recurring jobs once the work was completed.

Interstate 44



- Proposed new interstate between Raleigh, NC and Norfolk, VA



This scenario becomes more feasible when you think about the prospects of an Interstate project between Raleigh and Norfolk.

This is an idea that Governor McCrory and Secretary Tony Tata really support. The Highway 17 Association is prepared to endorse this idea formally and write a resolution of support to the Governor and Secretary.

McCrory made remarks at SASHTO about the need for regional partnerships in important projects even if they cross state lines.

Another potential project we're interested in is linking Wilmington to Myrtle Beach.

Strategic Mobility Formula



- "...will create more jobs and allow us to complete more projects to better connect North Carolinians to job centers, healthcare centers, education centers, and recreation no matter where they live."
- Project Ranking Criteria
 - [Travel Time] Benefit/Cost
 - Economic Competitiveness
 - Safety
 - Multimodal
 - [& Freight + Military]



NCDOT is in the process of evaluating and ranking STIP projects under the new criteria identified in the Strategic Mobility Formula.

My problem with the new approach continues to be the weight given to relieving congestion as a way to improve travel time. However this study looks at travel time improvement from a US 17, more rural vantage point.

The study also quantifies economic competitiveness, showing both job creation in the near and long term, and economic growth associated with the completion of our projects, as well as safety.

US 17 cuts across the three biggest drivers of North Carolina's economy – Agribusiness, Military and Tourism – and we get extra consideration in the new formula for supporting multimodal needs, which of course includes the ports but also, for our purposes, includes the military.

DERIK DAVIS – UTILITIES AND JACK'S CREEK (absent)

BETH BYRD – 2014 EVENTS REVIEW (continued until February)

CORRESPONDENCE AND SPECIAL REPORTS:

MEMO - GENERAL FUND BUDGET TRANSFER

The Budget Officer transferred \$27,940 of funding between the Outside Agency, Aquatic Center and Waterfront departments of the General Fund to provide additional funds needed to repair the Dectron dehumidifier at the pool and relocate the flag pole on the west end of the waterfront.

From: 10-40-6170-9106 Harbor District Alliance \$27,490

To: 10-40-6126-1502 Maint/Repair HVAC \$23,890

10-40-6124-1501 Maint/Repair Grounds 3,600

REPORTS FROM BOARDS, COMMISSIONS AND COMMITTEES:
HUMAN RELATIONS COUNCIL (report accepted as presented)

OLD BUSINESS:

Chairman Hughes advised that he and Chief Rose attended the Parks and Recreation Advisory Committee meeting on Monday, October 21, 2013 and the Committee members were in agreement with the Ed Peed marker and placement of the marker at Beebe Park.

Included motion: In a motion made by Audrey Woolard and seconded by Russell Morgan, the Parks and Recreation Advisory Committee recommended that a new marker recognizing Edward Peed as the first recorded line of duty death in the state of North Carolina by a Firefighter, be installed at Beebe Memorial Park, as presented.

NEW BUSINESS:

Discuss - Unexpired term of vacant positions - former Board member Barr, Board member Cherry and Board member Burgess. Chairman Hughes voiced we have two applications received from Matthew Ray Babcock and Barbara Gaskins and suggested both applicants met the criteria to be appointed to the Human Relations Council and opened the floor for discussion.

By motion of Board member Howard, seconded by Board member O'Pharrow, the Board agreed to the appointment of Matthew Babcock to fill the unexpired term of Marisol Barr, term to expire June 30, 2016.

By motion of Vice-chair St. Clair, seconded by Board member O'Pharrow, the Board agreed to the appointment of Barbara Gaskins to fill the unexpired term of Ann Barbee Cherry, term to expire June 30, 2014.

Chairman Hughes explained there will be one vacancy left by Board member Burgess and requested this position be advertised.

OTHER BUSINESS:

FYI - Chairman Hughes advised the Board to expect a letter from the Marion L. Shepard Cancer Center acknowledging the donation presented to the Center honoring former Board chair Evelyne Roberson. Board member O'Pharrow requested scheduling our next regular meeting for Tuesday, January 14, 2014 to discuss the Ed Peed Commemoration Service scheduled for February 15, 2014.

OPEN DISCUSSION:

Council liaison Pitt reminded Board members of the KaBoom Playground that will be built on site at Oak: Crest Housing Development and requested the Human Relations Council support.

APPOINTMENTS:
APPOINTMENTS – LOCAL FIREMAN'S RELIEF FUND

By motion of Councilman Brooks, seconded by Councilman Mercer, Council reappointed Charles M. Alligood Jr. as the Fire Department designated appointee, and reappointed Raymond Williams as the City Council designated appointee to the Local Fireman's Relief Fund Board for a new term of two years to expire in January 2016.

APPOINTMENTS – VARIOUS BOARDS, COMMISSIONS, AND COMMITTEES

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council appointed Rick Gagliano to the Board of Library Trustees, to fill the unexpired term of Raymond Freeman, term to expire June 30, 2018.

By motion of Councilman Brooks, seconded by Mayor Pro tem Roberson, Council appointed Annie Moore to the Recreation Advisory Committee to fill the unexpired term of Arnold Barnes (inside), term to expire June 30, 2014.

By motion of Councilman Brooks, seconded by Councilman Beeman, Council appointed Dallis Tucker to the Recreation Advisory Committee to fill the unexpired term of Mac Hodges (inside), term to expire June 30, 2016.

By motion of Councilman Pitt, seconded by Councilman Mercer, Council appointed Barbara Gaskins to the Human Relations Council to fill the unexpired term of Ann Barbee Cherry, term to expire June 30, 2014.

Remaining Human Relations Council and Planning Board vacancies will be filled at a later date.

OLD BUSINESS:

AUTHORIZE – CITY MANAGER TO EXECUTE AN AMENDED LEGALLY BINDING COMMITMENT WITH METROPOLITAN HOUSING AND COMMUNITY DEVELOPMENT CORPORATION, INC.

City Manager, Brian Alligood explained that the Department of Commerce and Community Assistance (DCA) closed CDBG grant 05-C-1490 due to not constructing and selling five homes to qualifying individuals. The City contributed \$90,000 to the project and the grant was for an additional \$250,000. The City is required to repay \$250,000 at the rate of \$25,000 in year one, July 1, 2013, and \$75,000 per year for three additional years. The repayment will be reduced \$50,000 for each home that is built and occupied by a qualified individual. The amended legally binding commitment, promissory note, and deed of trust have been revised to be consistent with the City's investment in the project and repayment exposure to the DCA. Metropolitan has executed the revised documents.

Councilman Mercer discussed the history of the project and terms of the agreement. He also commented that Page 3 Paragraph 10 of the Legally Binding Agreement had a blank regarding number of days. Mr. Alligood explained that HUD did not agree to the 10 year repayment plan, thus the need for a 3 year repayment plan. HUD will credit the City back \$50,000 for each home built and the time limit referenced by Councilman Mercer would be 60 days. Franz Holscher, City Attorney explained the potential of default on Metropolitan's part and the resulting effects. Questions also arose regarding paving. Mr. Holscher explained that paving was moved to Phase 2 of this project. Further discussion was held regarding payback terms, tree removal and paving. Metropolitan has agreed to this version of the amended legally binding commitment.

Mr. Holscher asked that if Council was so inclined to approve the Legally Binding Commitment, would they also include approving the related Promissory Note and Deed of Trust.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council authorized the City Manager to execute an amended legally binding commitment with Metropolitan Housing and Community Development Corporation, Inc. and approved the related Promissory Note and Deed of Trust, with the assumption that page 3 paragraph 10 be 60 days.

Amendment to Legally Binding Commitment
City of Washington and
Metropolitan Housing and Community Development Corporation, Inc.
FY2005 CDBG Housing Development Program

This Amendment to Legally Binding Commitment for the City of Washington FY05 CDBG Housing Development Program (hereinafter referred to as the "Agreement") is entered into as of the 6th day of January, 2014, by and between the City of Washington (hereinafter referred to as the "City") and Metropolitan Housing and Community Development Corporation, Inc. (hereinafter referred to as "METROPOLITAN").

RECITALS

WHEREAS, the City received an FY05 Community Development Block Grant-Housing Development (hereinafter referred to as "Grant") in the amount of \$250,000.00 from the North Carolina Department of Commerce, Division of Community Assistance (hereinafter referred to as "DCA"). The purpose of the Grant is to provide funds for land acquisition; the construction of infrastructure that will be maintained by the City; and the development, construction, conveyance, and occupancy of five (5) stick built homes specifically for, to, and by low to moderate income individuals/households (hereinafter referred to as "LMI") within the time period allowed by the Grant, DCA, and/or any Workout Plan accepted by DCA, which Grant is incorporated herein by reference as if fully set forth.

WHEREAS, METROPOLITAN is a nonprofit organization that promotes asset building strategies for LMI in the City and Beaufort County, and will perform its obligations under this Agreement consistent with the terms, conditions, and considerations contained herein, said Grant, the FY05 Grant Project Application (hereinafter referred to as "Grant Application"), the Grant Agreement, Funding Approval and any and all subsequent amendments thereto, extensions thereto, any Workout Plan accepted by DCA, and/or other relevant conditions imposed by DCA, all of which are incorporated herein by reference as if fully set forth (collectively may be referred to as "Grant Documents").

WHEREAS, the release of Grant funds by DCA was contingent upon, among other things, a legally binding commitment between the City and METROPOLITAN that obligates both parties to fulfill the terms of the Grant and, more particularly, defines METROPOLITAN's specific commitment to utilize Grant funds to acquire, develop, construct and convey said homes to LMI.

WHEREAS, the parties hereto previously entered into Legally Binding Commitments dated January 31, 2007 and March 15, 2011, a Promissory Note dated March 11, 2011 (hereinafter referred to as "Original Promissory Note") and a Deed of Trust dated April 27, 2011 (hereinafter referred to as "Original Deed of Trust").

WHEREAS, said March 15, 2011 Legally Binding Commitment required METROPOLITAN to, among other things, reimburse the City for any amount of Grant funds that DCA requires the City to repay to DCA.

WHEREAS, by correspondence dated May 6, 2013, DCA closed said Grant, made a finding that "... the City had failed to document that it has achieved an eligible CDBG National Objective ...", and directed the City to repay Community Assistance (DCA) \$250,000.00 by May 30, 2013. Said correspondence is attached hereto as Exhibit A and incorporated herein by reference as if fully set forth.

1 Revision of Amendment to LBC City and Metropolitan Housing and CDC, Inc. Approved by Council 10-7-2013

WHEREAS, by correspondence dated June 4, 2013, DCA approved "the City's submitted plan to repay the CDBG Program over a ten year period with equal annual payments of \$25,000.00 beginning July 1, 2013." Said correspondence is attached hereto as Exhibit B and incorporated herein by reference as if fully set forth.

WHEREAS, the City has made said first annual payment of \$25,000.00 to DCA.

WHEREAS, by later correspondence from Richard B. Self, DCA indicated that "the outstanding debt for the City of Washington will be decreased by \$50,000.00 for each unit constructed and occupied by a Low-to-Moderate Income individual family. Any funds already reimbursed to DCA will not be eligible for return to the City as a result of the potential reductions in the future." Said correspondence is attached hereto as Exhibit "C" and incorporated herein by reference as if fully set forth.

WHEREAS, after the above referenced correspondence, DCA verbally informed the City that said repayment shall occur over a three year period rather than a ten year period.

WHEREAS, by correspondence dated November 8, 2013, the City submitted a Workout Plan to DCA (herein referred to as "Workout Plan"), which Workout Plan sets forth the City's above described, potential repayment to DCA over a three year period. Said correspondence is attached hereto as Exhibit "D" and incorporated herein by reference as if fully set forth.

WHEREAS, in conjunction with said Grant, the City loaned METROPOLITAN \$60,000.00, expended \$10,000.00 for the benefit of METROPOLITAN for additional infrastructure, and expended \$20,000.00 for the benefit of METROPOLITAN for lot clearing. The aforementioned amounts total \$90,000.00 and shall hereafter be referred to as "Loan".

WHEREAS, said Original Promissory Note and Original Deed of Trust require METROPOLITAN to repay said \$60,000.00 loan if METROPOLITAN does not satisfy certain obligations in said March 15, 2011 Legally Binding Commitment or the Grant Documents.

WHEREAS, upon execution of this Agreement and a related, new Promissory Note as well as a new Deed of Trust, this Agreement shall be a novation of and replace, in their entirety, said Legally Binding Commitments referenced above dated January 31, 2007 and March 15, 2011 and said Legally Binding Commitments shall be void, cancelled and of no further legal affect.

WHEREAS, upon completion of Phase 1 as contemplated by the Grant Documents, the parties anticipate that METROPOLITAN will apply to DCA for funding for Phase 2 as contemplated by the Grant Documents. Phase 2 currently includes the construction and completion of infrastructure, including paving, necessary to support the full housing development contemplated by the Grant Documents, including the five (5) affordable housing units of Phase 1.

NOW, THEREFORE, in consideration of and in exchange for the mutual promises set forth herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the City and METROPOLITAN mutually agree as follows.

PART A – ACTIVITIES AND PERIOD OF PERFORMANCE

Section 1 METROPOLITAN will perform the following.

2 Revision of Amendment to LBC City and Metropolitan Housing and CDC, Inc. Approved by Council 10-7-2013

1.

Construct and complete installation of the infrastructure, with the exception of paving, contemplated by the Grant Documents, as amended, as necessary to support the five (5) affordable housing units of Phase 1.
2.

Complete construction, conveyance and occupancy of five (5) affordable housing units for, to, and by LMI consistent with and as described in the Grant Documents in accordance with the following schedule: at least two (2) units by June 30, 2014, at least four (4) units by June 30, 2015, and five (5) units by June 30, 2016.
3.

Qualify and counsel potential homebuyers to purchase completed units.
4.

Market and coordinate the sale of the properties to LMI households.
5.

Address all questions regarding the Grant and Grant Documents to the City-appointed Grant contact, not DCA.
6.

Fulfill all of its and the City's obligations under the Grant and Grant Documents that are either directly or indirectly dependent upon METROPOLITAN for fulfillment. Such obligations include, but are not limited to, complying with all applicable certifications and requirements, including but not limited to those certifications and requirements required by the North Carolina Department of Commerce and DCA. As may be more specifically provided for in the Grant Documents, METROPOLITAN shall, among other things, comply with the procurement standards set forth in 4 N.C. Administrative Code 19L. 0908.
7.

Simultaneously with the execution hereof, METROPOLITAN shall execute and deliver to the City a new Promissory Note and a new Deed of Trust, in a form satisfactory to the City in the City's sole discretion, secured, singularly or collectively, by all properties acquired in conjunction with this Agreement and the Grant, including Grant funds. Said new Promissory Note and new Deed of Trust shall be in the amount of \$340,000.00, which amount consists of \$250,000.00 in Grant funds previously expended and the \$90,000.00 Loan (collectively may be referred to as "Indebtedness").
8.

After the conclusion of the Workout Plan or the date of the last payment made by the City to DCA of any amounts DCA requires, or heretofore required, the City to make pursuant to the Grant or the Workout Plan without the possibility of reimbursement of the same or a portion thereof by DCA to the City, whichever occurs last, the City shall provide METROPOLITAN written notice of the net amount of payment(s) made by the City to DCA pursuant to the Grant or Workout Plan (hereinafter referred to as "Grant Payment Amount"). Said net amount (Grant Payment Amount) shall be established by adding all payments made by the City to DCA under the Grant or Workout Plan and subtracting any reimbursement of such payments to the City by DCA.
9.

Said written notice shall also contain any amount of the Loan (hereinafter referred to as "Loan Payment Amount") that METROPOLITAN is required to repay the City. Said Loan Payment Amount, if any, shall be an amount that equates to the same percentage of the total Loan as the Grant Payment Amount is to \$250,000.00. For example, if the Grant Payment Amount is \$125,000.00, the Loan Payment Amount shall be \$45,000.00.
10.

Within sixty (60) days of such written notice (hereinafter "Due Date"), METROPOLITAN shall reimburse the City said Grant Payment Amount and repay the City said Loan Payment Amount. Any amount of Grant funds previously expended that are not required by the City to be reimbursed by METROPOLITAN as hereinabove provided, shall not be reimbursed by METROPOLITAN to the City. Any amount of said Loan that is not required by the City to be repaid by METROPOLITAN as hereinabove provided, shall be forgiven.
11.

Notwithstanding anything herein, in the new Promissory Note, or the new Deed of Trust to the contrary, in the event METROPOLITAN does not fully satisfy all of the conditions and requirements of this Agreement by the Due Date, METROPOLITAN shall, within thirty (30) days of the City's written demand that may be issued in the City's sole discretion, reconvey to the City all portions of the real property that
- 3

Revision of Amendment to LBC City and Metropolitan Housing and CDC, Inc. Approved by Council 10-7-2013

a) are secured by the new Deed of Trust and b) not conveyed by METROPOLITAN to LMI consistent with the Grant Documents.
- Section 2

The City will perform the following:

1.

Upon METROPOLITAN's completion of the infrastructure, as hereinabove described, the City shall maintain the infrastructure constructed for the five (5) affordable housing units of Phase 1.

2.

Provide METROPOLITAN with copies of relevant DCA correspondence regarding the project including, but not limited to, policy interpretation or changes, reporting requirements, etc.

3.

Upon execution of this Agreement, the new Promissory Note, and the new Deed of Trust, the City shall mark the previous, above referenced Original Promissory Note dated March 15, 2011 "VOID" and deliver the same to METROPOLITAN.

4.

Upon execution of this Agreement, the new Promissory Note, and the new Deed of Trust, the City shall cancel the previous, above referenced Original Deed of Trust of record within a reasonable period of time.

PART B – TERM OF AGREEMENT

This Agreement shall commence on the day first above written and continue until the above referenced Indebtedness is paid or otherwise satisfied and METROPOLITAN has fulfilled its obligations, if applicable, under Part A, Section 1.11 hereof.

PART C – MISCELLANEOUS/SPECIAL CONDITIONS

1.

The City and DCA, or their respective duly authorized representatives, shall have the right to request status reports from METROPOLITAN regarding the progress of programmed activities funded through the Grant.
2.

METROPOLITAN shall keep and maintain all books, records, and other documentation that are its responsibility, under its control, and directly related to its receipt and disbursement of Grant funds and its fulfillment of this Agreement as well as the Grant.
3.

This Agreement constitutes a legally enforceable contract and shall be governed by and construed in accordance with the laws of the State of North Carolina.
4.

Liabilities and Loss: The City assumes no liability with respect to accidents, bodily injury, illness, breach of contract, or any other damages or loss, or with respect to any claims arising out of any activities undertaken by METROPOLITAN under this Agreement, whether with respect to persons or property of METROPOLITAN, or third parties. METROPOLITAN agrees to obtain insurance or otherwise protect itself or others as it may deem desirable. Further, METROPOLITAN agrees to indemnify, defend and save harmless the City and its officers, agents and employees from any and all claims and losses arising from this Agreement, including but not limited to those claims and losses accruing or resulting to any and all subcontractors, materialmen, laborers and any other person, firm or corporation furnishing or supplying work, services, materials or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm, or corporation who may be injured or damaged by METROPOLITAN or its agents in the performance of this Agreement.
5.

METROPOLITAN shall at all times comply with all laws, ordinances, and regulations of federal, state, and local governments which may in any manner affect or be related to the performance of this Agreement.

6.

METROPOLITAN may not assign any interest in this Agreement, nor transfer any interest in the same, without the written consent of the City.
7.

METROPOLITAN represents that it has, or will secure at its own expense, all personnel required to monitor, carry out, and perform the scope of services of this Agreement and the Grant Documents. Such employees shall not be employees of the City. Such personnel shall be fully qualified and shall be authorized under state and local law to perform the required services.
8.

In carrying out the terms and conditions of this Agreement, METROPOLITAN is an independent party from the City and is not an agent or employee of the City. Nothing in this Agreement shall create or be construed as creating a partnership, joint venture, or employee relationship between the City and METROPOLITAN.
9.

This Agreement may be executed in one or more counterparts, each of which, when executed, shall be deemed an original, and all such counterparts, together, shall constitute one and the same Agreement which shall be sufficiently evidenced by one of such original counterparts.
10.

Said new Promissory Note and new Deed of Trust shall, among other things, secure METROPOLITAN's performance of its obligations arising from the Grant, the Grant Documents, and this Agreement. METROPOLITAN may make application to the City for a release(s) from said new Promissory Note and new Deed of Trust. Said application for a release must include, among other things, such evidence and documentation as the City may, in its sole discretion, require in order to verify that METROPOLITAN has an LMI qualified purchaser(s) who has(have) secured qualified financing for the housing unit or units to be released.

PART D – NON-PERFORMANCE BY METROPOLITAN

Among other possible remedies and recourses of action, the City may pursue collection of the above referenced new Promissory Note as well as new Deed of Trust through foreclosure of the same upon METROPOLITAN's failure to perform any obligation required by or arising from this Agreement, the Grant, or the Grant Documents.

PART E – COMMUNITY DEVELOPMENT BLOCK GRANT PROVISIONS

1. CONFLICT OF INTEREST: MEMBERS, OFFICERS, OR EMPLOYEES OF THE LOCAL GOVERNING BODY OR OTHER PUBLIC OFFICIALS:

No member, officer, or employee of the City, no members of the governing body of the locality or localities who exercise any functions or responsibilities with respect to the CDBG-HD program during his tenure and for one year thereafter, shall have any financial interest, either direct or indirect, in any contract or subcontract or the proceeds thereof for work to be performed in connection with the program assisted under this Agreement. Immediate family members of said members, officers, employees, and officials are similarly barred from having any financial interest in the program. The City and METROPOLITAN shall incorporate, or cause to be incorporated, in all contracts arising herefrom a provision prohibiting such conflict of interest consistent with the purpose of this section.

2. NON-DISCRIMINATION

No person in the United States shall, on the grounds of race, color, national origin or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under the performance of this Agreement.

5 Revision of Amendment to LBC City and Metropolitan Housing and CDC, Inc. Approved by Council 10-7-2013

No qualified personnel shall, on the basis of age or handicap, be excluded from participation in, be denied the benefits of, or otherwise be subject to discrimination under the performance of this Agreement.

3. EXECUTIVE ORDER 11246 CLAUSE

- (i)

METROPOLITAN and the City will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. METROPOLITAN and the City will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment; upgrading, demotion, or transfer; recruitment and advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training including apprenticeships. METROPOLITAN and the City agree to post, in conspicuous places available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this non-discrimination clause.
- (ii)

METROPOLITAN and the City will, in all solicitations or advertisements for employees placed by or on behalf of METROPOLITAN or the City, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- (iii)

METROPOLITAN and the City will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers representative of METROPOLITAN and the City commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (iv)

METROPOLITAN and the City will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (v)

METROPOLITAN and the City will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.
- (vi)

In the event METROPOLITAN or the City fails to comply with the non-discrimination clauses of this Agreement or with any of such rules, regulations, or orders, this Agreement may be canceled, terminated or suspended in whole or in part and METROPOLITAN or the City may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rules, regulations, or order of the Secretary of Labor, or as otherwise provided by law.
- (vii)

METROPOLITAN and the City will include the provisions of this and the preceding Paragraphs (i) through (vi) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965

so that such provisions will be binding upon each subcontractor or vendor. METROPOLITAN and the City will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for non-compliance. Provided, however, that in the event METROPOLITAN or the City become involved in, or are threatened with litigation by a subcontractor or vendor as a result of such direction by the contracting agency, METROPOLITAN or the City may request the United States to enter into such litigation to protect the interests of the United States.

4. SECTION 3 COMPLIANCE IN THE PROVISION OF EMPLOYMENT AND BUSINESS OPPORTUNITIES

- (i) The work to be performed under this Agreement is on a project assisted under a program providing direct Federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that, to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the area of the project.
- (ii) The parties to this Agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR 135, and all applicable rules and orders of the Department issued thereunder. The parties to this Agreement certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.
- (iii) METROPOLITAN and the City will send to each labor organization or representative of workers with which it has a collective bargaining agreement or other Contractor or understanding if any, a notice advising said labor organization or workers' representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
- (iv) METROPOLITAN and the City will include these Section 3 clauses in every subcontract for work in connection with the project and will, at the direction of the applicant for or recipient of Federal financial assistance, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 CFR 135. Neither METROPOLITAN nor the City will subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR 135 and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
- (v) Compliance with the provisions of Section 3, the regulations set forth in 24 CFR 135 and all applicable rules and orders of the Department issued thereunder prior to the execution of the Agreement shall be conditions of the federal financial assistance provided for in conjunction with the project and shall be binding upon the applicant or recipients for such assistance, its successors and assigns. Failure to fulfill these requirements shall subject the applicant or recipient, its contractors, and subcontractors, its successors, and assigns to those sanctions specified by the grant or loan agreement or contract through which Federal assistance is provided, and to such sanctions as are specified by 24 CFR 135.

7 Revision of Amendment to LBC City and Metropolitan Housing and CDC, Inc. Approved by Council 10-7-2013

5. NON-DISCRIMINATION CLAUSE CONCERNING HANDICAP AND AGE

METROPOLITAN/the City will not discriminate on the basis of age under the Age Discrimination in Employment Act of 1975, as amended (42 U.S.C 6101 et seq.), or with respect to any otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C 794), or as otherwise prohibited by state or federal law.

6. ACCESS TO RECORDS AND RECORD RETAINAGE CLAUSE

In general, all official project records and documents must be maintained during the operation of this project and for five (5) years following close out in compliance with 15 NCAC13.1 Rule 0922, Record Keeping.

The Department of Commerce, the North Carolina Department of Treasurer, the Controller, the Attorney General of North Carolina, the United States Department of Housing and Urban Development, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the administering agency which are pertinent to the execution of this Agreement for the purpose of making audits, examinations, excerpts, and transcripts.

7. LOBBYING CLAUSE

- (i) No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (ii) If any funds other than Federal appropriated funds have been paid or will be paid to any person by the undersigned for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Federal contract, grants, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form LLC, "Disclosure Form to Report Lobbying" in accordance with its instructions.

This is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, and U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each failure.

IN WITNESS THEREOF, the City and METROPOLITAN have executed this Agreement through duly authorized representatives, all as of the date written above.

(Signatures On Following Page)

PRE-AUDIT CERTIFICATE

This Agreement has been pre-audited per North Carolina General Statute § 159-28 in the manner required by the Local Government Budget and Fiscal Control Act.

METROPOLITAN HOUSING AND COMMUNITY
DEVELOPMENT CORPORATION, INC.

By: _____ (SEAL)

Reverend David L. Moore
Printed Name
Chief Executive Officer
Title
1/16/2014
Date

Matt Rauschenbach
Matt Rauschenbach, Chief Financial Officer
City of Washington

CITY OF WASHINGTON

By: Brian Alligood (SEAL)

Brian Alligood
Printed Name
City Manager
Title
1/13/14
Date

NORTH CAROLINA
BEAUFORT COUNTY

The undersigned, a Notary Public of the County and State aforesaid, hereby certifies that Reverend David L. Moore personally appeared before me this day, and being duly sworn by me, acknowledged that he is Chief Executive Officer of Metropolitan Housing and Community Development Corporation, Inc., and that by authority duly given and as the act of METROPOLITAN Housing and Community Development Corporation, Inc. the foregoing instrument was signed by him.

Witness my hand and notary seal this 16th day of Jan, 2014.

William A. Reddick
Notary Public

My Commission expires: Jan. 24, 2017



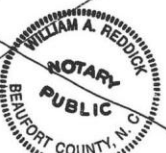
NORTH CAROLINA
BEAUFORT COUNTY

The undersigned, a Notary Public of the County and State aforesaid, hereby certifies that Brian Alligood personally appeared before me this day, and being duly sworn by me acknowledged that he is the City Manager of the City of Washington, and that by authority duly given and as the act of the City the foregoing instrument was signed by him.

Witness my hand and notary seal this 16th day of Jan, 2014.

William A. Reddick
Notary Public

My Commission expires: Jan. 24, 2017



9 Revision of Amendment to LBC City and Metropolitan Housing and CDC, Inc. Approved by Council 10-7-2013

NORTH CAROLINA
BEAUFORT COUNTY

The undersigned, a Notary Public of the County and State aforesaid, hereby certifies that Brian Alligood personally appeared before me this day, and being duly sworn by me acknowledged that he is the City Manager of the City of Washington, and that by authority duly given and as the act of the City the foregoing instrument was signed by him.

Witness my hand and notary seal this 13 day of January, 2014.

Georgina S. Brown
Notary Public

My Commission expires: June 15, 2018



EXHIBIT A



North Carolina
Department of Commerce
Community Assistance
Community Development & Planning Division

Pat McCrory, Governor

Sharon Allred Decker, Secretary
Richard B. Self, Director

May 6, 2013

The Honorable Archie N. Jennings, Mayor
City of Washington
Post Office Box 1988
Washington, North Carolina 27889-1988

Subject: Closeout of Grant
CDBG Number: 05-C-1490

Dear Mayor Jennings:

We affirmed in our letter dated January 9, 2013, the subject Community Development Block Grant (CDBG) had a firm, amended closeout deadline of March 11, 2013. That extended deadline has passed and the original project closeout deadline of November 10, 2009, is now more than 4 years past due. We are unable to extend this project any further.

Therefore, Community Assistance (CA) is closing this grant. The city has failed to document that it has achieved an eligible CDBG National Objective, therefore the money expended on the project is required be repaid to the CDBG program. The City of Washington must repay Community Assistance \$250,000.00 by May 30, 2013. On June 1, 2013 all funds for open grants will be frozen until payment is received. Checks should be made payable to the Department of Commerce, Division of Community Assistance.

Thrive NC
100 East Six Forks Road, Suite 200-4313 Mail Service Center • Raleigh, North Carolina 27669-4313
Tel: (919) 571-4900 • Fax: (919) 571-4951
www.accommerec.com

10 Revision of Amendment to LBC City and Metropolitan Housing and CDC, Inc. Approved by Council 10-7-2013

The Honorable John A. Hinton, Mayor
May 6, 2013
Page 2

If you have questions regarding this matter please call Mr. Charlie Thompson Jr., Chief, Grants Management Section at (919) 571-4965.

Sincerely,

Richard B. Self
Director

Enclosure
cc: Mr. Josh Kay, City Manager
Mr. John Rodman, Planning Director
Mr. Reed Whitesell, Grant Administrator
Ms. Toni Moore, CA Budget Officer

11 Revision of Amendment to LBC City and Metropolitan Housing and CDC, Inc. Approved by Council 10-7-2013

EXHIBIT B



North Carolina
Department of Commerce
Community Assistance
Community Development & Planning Division

Pat McCrory, Governor

Sharon Allred Decker, Secretary
Richard B. Self, Director

June 4, 2013

The Honorable Archie Jennings, Mayor
City of Washington
Post Office Box 1988
Washington, North Carolina 27889-1988

Subject: Closeout of Grant and Repayment of Grant Funds
CDBG Number: 05-C-1490

Dear Mayor Jennings:

The Division of Community Assistance (CA) is in receipt of the city's letter requesting an installment plan for repaying the \$250,000 of Community Development Block Grant (CDBG) funds for the above-referenced grant.

The Division of Community Assistance approves the city's submitted plan to repay the CDBG Program over a ten year period with equal annual payments of \$25,000 beginning July 1, 2013. If the repayment is not received by the date of the 1st of each month beginning with July 1, 2013, CDBG funds for all of the city's open CDBG awards will be frozen.

Please contact Ms. Joyce Smith, Grants Management Representative at (919) 571-4900 or email jsmith@nccommerce.com for questions or grant assistance.

Sincerely,

Richard B. Self
Director

RBS/TBS/TW

Mr. Joshua L. Kay, City Manager
Mr. Franz Holscher, City Attorney
Mr. John Rodman, Community & Cultural Services Director
Mr. J. Reed Whitesell, Holland Consulting Planners
Ms. Toni Moore, Finance, DCA

Thrive NC
100 East Six Forks Road, Suite 200•4313 Mail Service Center•Raleigh, North Carolina 27699-4313
Tel: (919) 571-4900•Fax: (919) 571-4951
www.nccommerce.com

12 Revision of Amendment to LBC City and Metropolitan Housing and CDC, Inc. Approved by Council 10-7-2013

EXHIBIT C



North Carolina
Department of Commerce
Community Assistance
Community Development & Planning Division

Pat McCrory, Governor

Sharon Allred Decker, Secretary
Richard B. Self, Director

Brian M. Alligood, City Manager
City of Washington
PO Box 1988
Washington, NC 27889

Dear Mr. Alligood:

In accordance with the correspondence from Ms. Vickie Miller the number of units was decreased from twelve units to five units. Five units places a grant value of \$50,000 per unit. Based on this, the outstanding debt for the City of Washington will be decreased by \$50,000 for each unit constructed and occupied by a Low-to-Moderate Income individual family. Any funds already reimbursed to DCA will not be eligible for return to the City as a result of the potential reductions in the future.

I am glad we were able to work out a satisfactory arrangement going forward. If additional information is needed please feel free to contact me.

Sincerely,

Richard B. Self, Director

cc: Charlie Thompson, Section Chief
Toni Moore, Business Officer

Thrive NC
100 East Six Forks Road, Suite 200•4313 Mail Service Center•Raleigh, North Carolina 27699-4313
Tel: (919) 571-4900•Fax: (919) 571-4951
www.nccommerce.com

13 Revision of Amendment to LBC City and Metropolitan Housing and CDC, Inc. Approved by Council 10-7-2013

EXHIBIT "D"

Mayor
Archle Jennings

City Manager
Brian M. Alligood



Washington City Council
Richard Brooks
Doug Mercer
Edward Moultrie
William Pitt
Bobby Roberson

November 8, 2013

Mr. Richard Self, Director
NC Division of Community Assistance
4313 Mail Service Center
Raleigh, NC 27699-4313

Re: Request for Performance Extension
Washington FY05 CDBG-HD Grant #05-C-1490

Dear Mr. Self:

It was a pleasure meeting with you and Reverend David Moore of Metropolitan Housing and Community Development Corporation, Inc. (Metropolitan) on October 11th regarding the above referenced grant. Thank you again for meeting with us and extending the opportunity for the City of Washington (City) and Metropolitan to discuss possible alternatives to avoiding further reimbursement of the grant funds expended on the City's FY05 CDBG Housing Development Grant. We again appreciate your understanding of the background with respect to the fiscal difficulties posed by non-performance to date on both this CDBG housing development project and the FY09 CDBG housing development project. Moreover, we sincerely respect your willingness to allow us to present the following workout plan discussed during our meeting which should allow your agency to display project performance to HUD while avoiding a costly penalty to the City and Metropolitan.

Agreed Actions: Performance Periods, Reimbursement Payments, Performance Conditions, and Monitoring Conditions.

In as much as the grant has been closed out, the number of housing units required to be conveyed to low to moderate income households (LMI) has been reduced to five, and the City has reimbursed the North Carolina Division of Community Assistant (DCA) \$25,000.00 of the \$250,000.00 in grant funds expended, the City and Metropolitan would be obligated to make the following reimbursement payments for the prescribed performance periods in accordance with the performance conditions below.

Performance Periods	Reimbursement Payments
1. October 11, 2013 – July 1, 2014	\$75,000.00
2. July 2, 2014 – July 1, 2015	\$75,000.00
3. July 2, 2015 – July 1, 2016	\$75,000.00

102 East Second Street, Washington, North Carolina 27889
(252) 975-9300
www.washingtonnc.gov

14 Revision of Amendment to LBC City and Metropolitan Housing and CDC, Inc. Approved by Council 10-7-2013

Performance Conditions: Demonstrate construction of five housing units in Keys Landing Subdivision and conveyance to as well as occupancy of those five housing units by LMI by July 1, 2016. The City and Metropolitan shall receive a credit against the reimbursement payments referenced above in the amount of \$50,000.00 for each qualifying housing unit that is occupied by LMI prior to the end of each performance period. Any deficit due at the end of a performance period shall be paid within thirty (30) days. Any surplus credit existing at the end of a performance period shall be rolled forward to the next performance period. In the event there exists a surplus credit for over performance at the conclusion of any performance period, DCA will consider a refund of any previous reimbursement payment, including the above referenced \$25,000.00 payment previously paid by the City to DCA, to the extent of any such surplus.

Monitoring Conditions: Beginning in November of 2013, Metropolitan shall submit monthly performance reports to the City and the City shall forward each report to DCA through a cover letter from the City Manager. Each such report shall outline the progress to date on housing units to be constructed by Metropolitan and any conveyances to LMI that have been made.

Again, thank you for your visit and this opportunity. Please give Brian Alligood a call at 252-975-9319 if you require any additional information or clarification.

Sincerely,

N. Archie Jennings, III, Mayor
City of Washington

FFH:hw
cc: Brian Alligood, City Manager
Frank P. Holscher, City Attorney
Reverend David Moore, Metropolitan
John Rodman, Community & Cultural Resources
Reed Whitesell, Holland Consulting Planners

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned ("Borrower") promises to pay to the City of Washington or order (the "Holder") the principal sum of \$340,000.00, together with interest after default, all as described below.

The Borrower acknowledges that the Holder has advanced the dollar amount indicated above pursuant to the Amendment to Legally Binding Commitment by and among the Borrower and the Holder (the "Agreement") dated January 6, 2014, which Agreement is incorporated herein by reference as if fully set forth. As more specifically provided for therein, said Agreement requires the Borrower to, among other things, construct and convey five (5) affordable housing units to low to moderate income individuals/households ("LMI") as well as to fulfill all of the Borrower's and the Holder's obligations under the related Grant Documents (as that term is defined in the Agreement) that are either directly or indirectly dependent upon the Borrower for fulfillment. The terms of said Grant Documents also are incorporated herein by reference as if fully set forth. In the event that all or a portion of the required number of affordable housing units are not constructed and conveyed to LMI within time periods that will avoid the Division of the Community Assistance (DCA) from requiring the Holder to make one or more additional payments to DCA, as more specifically provided for in the Agreement, all or a portion of the amount indicated above shall be subject to repayment to the Holder or its designee. The Borrower hereby agrees to pay to the Holder, in accordance with including within the time required by the Agreement, any Grant Payment Amount and/or Loan Payment Amount (as those terms are defined in the Agreement) that the Borrower may become obligated to repay the Holder pursuant to said Agreement. As more specifically provided for in the Agreement, all such amounts due thereunder and hereunder shall be due within sixty (60) days of written notice from the Holder to the Borrower. If not paid within sixty (60) days following such written notice, the unpaid principal of this Promissory Note ("Note"), and all other sums due under this Note or any instrument securing this Note, shall bear interest at the rate of 10 % per annum after demand until paid.

Upon default, the Holder may employ an attorney to enforce the Holder's rights and remedies, and the Borrower, maker, principal, surety, guarantor, and endorser of this Note hereby agree to pay the Holder reasonable attorney's fees not exceeding a sum equal to 15% of the outstanding balance owing on the Note, plus all other reasonable expenses incurred by the Holder in exercising any of the Holder's rights and remedies upon default. The rights and remedies of the Holder as described in this Note and any instrument securing this Note shall be cumulative and may be pursued singularly, successively, or together against the Borrower, the property described in any such security instrument, or any other funds, property, or security held by the Holder for payment or security, in the sole discretion of the Holder. The failure to exercise any such right or remedy shall not be a waiver or release of such rights or remedies or the right to exercise any of them at another time.

All parties to this Note, including the Borrower and any sureties, endorser, or guarantors hereby waive protest, presentment, notice of dishonor, and notice of acceleration of maturity and agree to continue to remain bound for the payment of principal, interest, and all other sums due under this Note or the Agreement and any instrument securing this Note or the Agreement notwithstanding any change or changes by way of release, surrender, exchange, modification, or substitution of any security for this Note, or by way of any extension or extensions of time for the payment of principal and interest; and all such parties waive all and every kind of notice of

1 Revision of Promissory Note – Metropolitan Housing & CDC, Inc. Approved by Council 10-7-2013

such change or changes and agree that the same may be made without notice or consent of any of them.

The Holder shall not, by any act, delay, omission, or otherwise, be deemed to have waived any of its rights under this Note or the Agreement. No waiver by the Holder of any of its rights under this Note or the Agreement shall be valid unless in writing, and then only to the extent therein set forth. Waiver by the Holder of any right or remedy under the terms of this Note or the Agreement on any one occasion shall not be construed as a bar to the Holder exercising any right or remedy on any future occasion. This Note may not be amended, changed, or altered except in writing executed by the Holder and the Borrower.

This Note evidences a debt payable by the Borrower and is given for monies that may become owed under the Agreement and will be secured by a Deed of Trust of even date herewith, which Deed of Trust shall be a lien upon the property therein described.

This Note is to be governed and construed in accordance with the laws of the State of North Carolina, excluding its conflict of laws provisions.

IN WITNESS WHEREOF, the undersigned has caused these presents to be executed under seal, pursuant to authority duly given, the day and year below written.

Dated as of the 6th day of Jan., 2014.

METROPOLITAN HOUSING AND
COMMUNITY DEVELOPMENT
CORPORATION, INC.

By: _____ (SEAL)

Reverend David L. Moore
Printed Name
Chief Executive Officer
Title

NORTH CAROLINA
BEAUFORT COUNTY

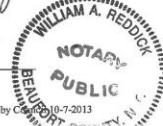
The undersigned, a Notary Public of the County and State aforesaid, hereby certifies that Reverend David L. Moore personally appeared before me this day, and being duly sworn by me, acknowledged that he is Chief Executive Officer of Metropolitan Housing And Community Development Corporation, Inc., and that by authority duly given and as the act of Metropolitan Housing And Community Development Corporation, Inc. the foregoing instrument was signed by him.

Witness my hand and notary seal this 6th day of Jan., 2014.

William A. Reddick
Notary Public

My Commission expires: Jan. 24, 2017

2 Revision of Promissory Note – Metropolitan Housing & CDC, Inc. Approved by Council 10-7-2013



EX 1837 PG 853

FOR REGISTRATION REGISTER OF DEEDS
Jennifer Laggett Whitehurst
Beaufort County, NC
January 21, 2014 03:23:46 PM
Book 1837 Page 853-859
FEE: \$56.00
INSTRUMENT # 2014008306



INSTRUMENT # 2014008306

STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT

NORTH CAROLINA DEED OF TRUST

SATISFACTION: The debt secured by the within Deed of Trust together with the note(s) secured thereby has been satisfied in full.
This the _____ day of _____, 20____
Signed: _____

PREPARED BY AND RETURN TO:
RODMAN, HOLSCHER, PECK & EDWARDS, P. A.
Attorneys at Law
320 North Market Street
Post Office Box 1747
Washington, NC 27889
Telephone: (252) 946-3122

Property Address: 9.885 acres and 2.225 acres as shown on Plat Cabinet H, Slide 70-3, Beaufort County Registry

THIS DEED OF TRUST, made this 6th day of January, 2014, by and between Metropolitan Housing and Community Development Corporation, Inc. and having an address of 102 West 4th Street, Washington, North Carolina 27889 ("Grantor"); Franz F. Holscher having an address of PO Box 1747, Washington, North Carolina 27889 ("Trustee"); and the City of Washington having an address of PO Box 1988, Washington, North Carolina 27889 ("Beneficiary"). The designation Grantor, Trustee, and Beneficiary as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH:

WHEREAS, the Beneficiary has advanced to, or for the benefit of, the Grantor the sum of Three Hundred Forty Thousand and 00/100 DOLLARS (\$340,000.00) (the "Loan") as evidenced by a Promissory Note ("Note") from the Grantor to the Beneficiary dated January 6, 2014 and an Amendment to Legally Binding Commitment ("Agreement") between Grantor and Beneficiary dated January 6, 2014, the terms of which Note and Agreement are incorporated herein by reference as if fully set forth, which sum together with any amounts advanced to protect the security of this Deed of Trust shall be the total amount secured.

WHEREAS, it has been agreed that the Loan shall be secured by the conveyance of the land described in this Deed of Trust.

NOW, THEREFORE, as security for said indebtedness, advances and other sums extended by Beneficiary pursuant to this Deed of Trust and cost of collection (including attorneys fees as provided in the Note) and other valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the Grantor has bargained, sold, given and conveyed and does by these presents, bargain, sell, give, grant, and convey to said Trustee, his heirs, or successors, and assigns, the parcel(s) of land situated in the City of Washington and Washington Township, Beaufort County, North Carolina, (the "Premises"), together with all heating, plumbing, and lighting fixtures and equipment now or hereafter attached to or used in connection with the Premises, and more particularly described as follows.

See attached Exhibit A

TO HAVE AND TO HOLD said Premises, with all privileges and appurtenances thereunto belonging to said Trustee, his heirs, successors, and assigns forever, upon the trusts, terms and conditions and for the uses herein set forth.

1 Revision of Deed of Trust – Metropolitan Housing & CDC, Inc. Approved by Council 10-7-2013

EX 1837 PG 855

EX 1837 PG 854

If the Grantor shall pay the Note secured hereby in accordance with its terms, together with interest thereon, and any renewals or extensions thereof in whole or in part, and all other sums secured hereby and shall comply with all of the covenants, terms and conditions of this Deed of Trust, then this conveyance shall be null and void and may be canceled of record at the request and the expense of the Grantor.

If, however, there shall be any default (a) in the payment of any sums coming due under the Note, this Deed of Trust or any other instrument securing the Note and such default is not cured within ten (10) days from the due date, or (b) if there shall be any default in any of the terms, covenants or conditions of the Note secured hereby or any failure or neglect to comply to the satisfaction of the Beneficiary, in its sole discretion, with the covenants, terms or conditions contained in this Deed of Trust or any other instrument securing the Note and such default is not cured within the time period established by written notice to cure said default, or if no time period is provided for then within fifteen (15) days after written notice, then and in any of such events, without further notice, the Note shall, at the option of and upon demand of the Beneficiary, at once become due and payable and it shall be lawful for and the duty of the Trustee, upon request of the Beneficiary, to sell the land herein conveyed at public auction for cash, after having first giving such notice of hearing as to commencement of foreclosure proceedings and obtained such findings or leave of court as may then be required by law and giving such notice of and advertising the time and place of such sale in such manner as may then be provided by law, and upon such sale and any resales and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey title to the purchaser in as full and ample manner as the Trustee is empowered. The Trustee shall be authorized to retain an attorney to represent him in such proceedings.

The proceeds of the Sale shall, after the Trustee retains the Trustee's commission, together with reasonable attorneys fees incurred by the Trustee in such proceedings, be applied to the costs of sale, including, but not limited to, costs of collection, taxes, assessments, costs of recording, service fees and incidental expenditures, the amount due on the Note hereby secured and advancements and other sums expended by the Beneficiary according to the provisions hereof and otherwise as required by the then existing law relating to foreclosures. The Trustee's commission shall be five percent (5%) of the gross proceeds of the sale. In the event foreclosure is commenced, but not completed, the Grantor shall pay all expenses incurred by Trustee, including reasonable attorneys fees, and a partial commission computed on five percent (5%) of the outstanding indebtedness, in accordance with the following schedule, to wit: one-fourth (1/4) thereof before the Trustee issues a notice of hearing on the right to foreclosure; one-half (1/2) thereof after issuance of said notice, three-fourths (3/4) thereof after such hearing; and the full commission after the initial sale.

The Grantor does hereby covenant and agree with the Trustee and Beneficiary as follows.

1. INSURANCE. Grantor shall keep the Premises and all improvements on said land, now or hereafter erected, constantly insured for the benefit of the Beneficiary against loss by fire, windstorm and such other casualties and contingencies, in such manner and in such companies and for such amounts, not less than that amount necessary to pay the sum secured by this Deed of Trust, and as may be satisfactory to the Beneficiary. Grantor shall also insure all improvements on the Premises, whether now in existence or subsequently erected, against loss by flood as may be required by the Beneficiary. Grantor shall purchase such insurance, pay all premiums therefore, and shall deliver to Beneficiary such policies along with evidence of premium payment as long as the Note secured hereby remains unpaid. If Grantor fails to purchase such insurance, pay premiums therefore or deliver said policies along with evidence of payment of premiums thereon, then Beneficiary, at his option, may purchase such insurance. Such amounts paid by Beneficiary shall be added to the principal of the Note secured by this Deed of Trust, and shall be due and payable upon demand of Beneficiary. All proceeds from any insurance so maintained shall at the option of Beneficiary be applied to the debt secured hereby and if payable in installments, applied in the inverse order of maturity of such installments or to the repair or reconstruction of any improvements located upon the Property.

2. TAXES, ASSESSMENTS, CHARGES. Grantor shall pay all taxes, assessments and charges as may be lawfully levied against said Premises before the same shall become past due. In the event that Grantor fails to so pay all taxes, assessments, and charges as herein required, then the Beneficiary at its option, may pay the same and the amount so paid shall be added to the principal of the Note secured by this Deed of Trust and shall be due and payable upon demand of Beneficiary.

3. ASSIGNMENTS OF RENTS AND PROFITS. Grantor assigns to Beneficiary, in the event of default, all rents and profits from the land and any improvements thereon, and authorizes Beneficiary to enter upon and take

2 Revision of Deed of Trust – Metropolitan Housing & CDC, Inc. Approved by Council 10-7-2013

possession of such land and improvements, to rent same, at any reasonable rate of rent determined by Beneficiary, and, after deducting from any such rents the cost of reletting and collection, to apply the remainder to the debt secured hereby.

4. PARTIAL RELEASE. Grantor shall not be entitled to the partial release of any of the above described property unless a specific provision providing therefore is included in this Deed of Trust or the Agreement. In the event a partial release provision is included in this Deed of Trust or the Agreement, Grantor must strictly comply with the terms thereof. Notwithstanding anything herein contained, Grantor shall not be entitled to any release of property unless Grantor is not in default and is in full compliance with all of the terms and provisions of the Note, this Deed of Trust, and any other instrument that may be securing said Note.

5. WASTE. Grantor covenants that he will keep the Premises herein conveyed in as good order, repair and condition as they are now, reasonable wear and tear excepted, and will comply with all governmental requirements respecting the Premises or their use, and that he will not commit or permit any waste.

6. CONDEMNATION. In the event that any or all of the Premises shall be condemned and taken under the power of eminent domain, Grantor shall give immediate written notice to Beneficiary and Beneficiary shall have the right to receive and collect all damages awarded by reason of such taking, and the right to such damages hereby is assigned to Beneficiary who shall have the discretion to apply the amount so received, or any part thereof, to the indebtedness due hereunder and if payable in installments, applied in the inverse order of maturity of such installments, or to any alteration, repair or restoration of the Premises by Grantor.

7. WARRANTIES. Grantor covenants with Trustee and Beneficiary that he is seized of the Premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that he will warrant and defend the title against the lawful claims of all persons whomsoever, except for the exceptions, if any, hereinafter stated on Exhibit B.

8. SUBSTITUTION OF TRUSTEE. Grantor and Trustee covenant and agree to and with Beneficiary that in case the said Trustee, or any successor trustee, shall die, become incapable of acting, renounce this trust, or for any reason the holder of the Note desires to replace said Trustee, then the holder may appoint, in writing, a trustee to take the place of the Trustee; and, upon the probate and registration of the same, the trustee thus appointed shall succeed to all rights, powers and duties of the Trustee.

9. SALE OF PREMISES. Grantor agrees that, if the Premises or any part thereof or interest therein is sold, assigned, transferred, conveyed or otherwise alienated by Grantor, whether voluntarily or involuntarily or by operation of law without the prior written consent of Beneficiary, Beneficiary, at its own option, may declare the Note secured hereby and all other obligations hereunder to be forthwith due and payable. Any change in the legal or equitable title of the Premises or in the beneficial ownership of the Premises, including the sale, conveyance or disposition of a majority interest in the Grantor if a corporation or partnership, whether or not of record and whether or not for consideration, shall be deemed to be the transfer of an interest in the Premises.

10. ADVANCEMENTS. If Grantor shall fail to perform any of the covenants or obligations contained herein or in any other instrument given as additional security for the Note secured hereby, the Beneficiary may, but without obligation to do so, make advances to perform such covenants or obligations, and all such sums so advanced shall be added to the principal sum, shall bear interest at the rate provided in the Note secured hereby for sums due after default and shall be due from Grantor on demand of the Beneficiary. No advancement or anything contained in this paragraph shall constitute a waiver by Beneficiary or prevent such failure to perform from constituting an event of default.

11. INDEMNITY. If any suit or proceeding be brought against the Trustee or Beneficiary or if any suit or proceeding be brought which may affect the value or title of the Premises, Grantor shall defend, indemnify and hold harmless and on demand reimburse Trustee or Beneficiary from any loss, cost, damage or expense and any sums expended by Trustee or Beneficiary shall bear interest as provided in the Note secured hereby for sums due after default and shall be due and payable on demand.

12. WAIVERS. Grantor waives all rights to require marshaling of assets by the Trustee or Beneficiary. No delay or omission of the Trustee or Beneficiary in the exercise of any right, power or remedy arising under the Note or this Deed of Trust shall be deemed a waiver of any default or acquiescence therein or shall impair or waive the exercise of such right, power or remedy by Trustee or Beneficiary at any other time.

3 Revision of Deed of Trust – Metropolitan Housing & CDC, Inc. Approved by Council 10-7-2013

EX 1837 PG 856

13. CIVIL ACTIONS. In the event that the Trustee is named as a party in any civil action as Trustee in this Deed of Trust, the Trustee shall be entitled to employ an attorney at law, including himself if he is a licensed attorney, to represent him in said action, and the reasonable attorney's fees of the Trustee in such action shall be paid by the Beneficiary and added to the principal of the Note secured by this Deed of Trust, and shall be due and payable by Grantor upon demand of the Beneficiary, and bear interest at the rate provided in the Note for sums due after default.

14. PRIOR LIENS. Default under the terms of any instrument secured by a lien to which this Deed of Trust is subordinate shall constitute default hereunder.

15. SUBORDINATION. Any subordination of this lien to additional liens or encumbrances shall be only upon the written consent of the Beneficiary.

16. RIGHT TO INSPECT. To assure and protect its right in this Deed of Trust and the Premises, the Beneficiary shall have the right of access to and inspection of the Premises at reasonable times and with reasonable notice to the Grantor.

17. NOTICES. Any notice to Borrower provided for in this Deed of Trust shall be given by delivering it or mailing it by first class mail to the respective addresses stated herein or any address a party hereto designates by notice to the other.

18. HAZARDOUS MATERIALS. Borrower warrants that:

- (i) the Property shall be kept free of Hazardous Materials,
- (ii) Borrower shall not permit the installation, generation, transportation or release of Hazardous Materials in or on the Property.
- (iii) Borrower shall at all times comply with all applicable Environmental Laws affecting the Property and shall keep the Property free and clear of any liens imposed pursuant to any Environmental Laws.
- (iv) Borrower shall immediately give Lender oral and written notices in the event that Borrower knows of a violation of these warrants or receives any notice from any governmental agency or other party with regard to Hazardous Materials affecting the Property,

Borrower hereby agrees to indemnify Lender and hold Lender harmless from any losses, liabilities, damages, injuries (including but not limited to attorney's fees) and claims incurred or suffered by or asserted against Lender, as a direct or indirect result of any warranty or representation made by Borrower in this paragraph (Hazardous Materials) being false or untrue in any material respect.

For purposes of this Deed of Trust, "Hazardous Material" means petroleum products, any flammable explosives, radioactive materials, asbestos or any material containing asbestos, and/or any hazardous, toxic or dangerous waste, defined as such in the Environmental Laws.

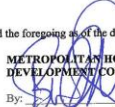
For purposes of this Deed of Trust, "Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act, the Hazardous Materials Transportation Act, the Resource Conservation and Recovery Act, any "Superfund" or "Superfund" law, or any other federal, state or local law relating to standards of conduct concerning any petroleum products, any flammable explosives, radioactive materials, asbestos or any material containing asbestos, and/or hazardous, toxic or dangerous waste.

19. GOVERNING LAW. This Deed of Trust is to be governed and construed in accordance with the laws of the State of North Carolina.

EX 1837 PG 857

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

METROPOLITAN HOUSING AND COMMUNITY DEVELOPMENT CORPORATION, INC.

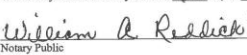
By:  (SEAL)

Reverend David L. Moore
Printed Name
Chief Executive Officer
Title

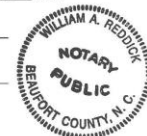
NORTH CAROLINA
BEAUFORT COUNTY

The undersigned, a Notary Public of the County and State aforesaid, hereby certifies that Reverend David L. Moore personally appeared before me this day, and being duly sworn by me, acknowledged that he is Chief Executive Officer of Metropolitan Housing and Community Development Corporation, Inc., and that by authority duly given and as the act of Metropolitan Housing and Community Development Corporation, Inc. the foregoing instrument was signed by him.

Witness my hand and notary seal this 6th day of Jan., 2014.


Notary Public

My Commission expires: Jan. 24, 2017



4 Revision of Deed of Trust – Metropolitan Housing & CDC, Inc. Approved by Council 10-7-2013

EX 1837 PG 858

EXHIBIT A

Lying and being in the City of Washington, Beaufort County, North Carolina, more particularly described as follows:

BEING ALL OF Parcel 1 containing 9.885 acres as shown on that certain survey of Rivers & Associates, Inc. entitled "Boundary Survey Alice G. Bailey Heirs Tract Owner: City of Washington" recorded in the Beaufort County Registry in Plat Cabinet H, Slide 70-3. Reference is made to said survey and the same is incorporated herein for a more complete and adequate description.

Lying and being in Washington Township, Beaufort County, North Carolina, more particularly described as follows:

BEING ALL OF Parcel 2 containing 2.225 acres as shown on that certain survey of Rivers & Associates, Inc. entitled "Boundary Survey Alice G. Bailey Heirs Tract Owner: City of Washington" recorded in the Beaufort County Registry in Plat Cabinet H, Slide 70-3. Reference is made to said survey and the same is incorporated herein for a more complete and adequate description.

EX 1837 PG 859

Exhibit B

EXCEPTIONS

NEW BUSINESS:

AUTHORIZE – CITY MANAGER TO NEGOTIATE AN AMENDMENT TO THE AGREEMENT WITH THE TOWN OF CHOCOWINITY FOR SEWER CAPACITY

Brian Alligood, City Manager reviewed the request with Council explaining that the Town of Chocowinity is asking to negotiate an amendment to the existing agreement between the City of Washington and the Town of Chocowinity for sewer capacity. A letter from Chocowinity's Public Works Director, Kevin Brickhouse, indicates their desire to purchase an additional 8,450 gallons per day (GPD) of sewer capacity for the rest area that is to be built along US 17 south of Chocowinity. Also attached as a matter of reference are copies of the minutes from the January 12, 2009 and August 10, 2009 regarding the latest amendment that Council approved to our agreement with Chocowinity for sewer capacity. As you can tell, at that time the price of \$10 per gallon of capacity was agreed upon.

Council members expressed concern with this request and as well as the need for a long range plan from Chocowinity for inside and outside growth. Council members requested that this request be delayed until firm numbers on development inside and outside the town limits of Chocowinity can be presented to the Council. Council does not want to overextend the City's capacity, because once we reach 80% capacity we have to contract the design work to extend capacity. Although we are only around 65% capacity at the moment, if we get one major development, we could over extend our ability to grow on the north side of the river.

By motion of Mayor Pro tem Roberson, seconded by Councilman Mercer, this request was tabled until the February meeting to allow staff time to gather additional information regarding capacity levels (Rivers & Associates).

Mr. Alligood reviewed the latest allocations for Chocowinity (39.9%), the City is using 63.59% capacity. Chocowinity would like to reserve their remaining capacity for inside town limits growth. They are asking for additional capacity for the 8450 gallons for this project, but we aren't tied to the same price per gallon as agreed upon in 2009, which was \$10. Mr. Alligood explained the new agreement would have to come back to Council for approval and he is only asking for authority to begin negotiations with Chocowinity. Mr. Alligood will ask the Town of Chocowinity to give us a workout plan for Chocowinity's current inside capacity of 300,000 and clarify with them that their policy is to use this capacity only for projects inside the Town limits.

PREVIOUS LEGISLATIVE ACTION

Most recently, August 10, 2009 - authorized the Mayor to execute an amendment to Contract and Agreement with the Town of Chocowinity for sewer capacity.

AUTHORIZE – CITY MANAGER TO EXECUTE A LEASE AGREEMENT WITH THOMAS SACCIO FOR THE LEASE OF A PORTION OF THE MAINTENANCE HANGAR AT WARREN FIELD AIRPORT

City Manager, Brian Alligood explained that Thomas Saccio has expressed an interest in renting a portion of the Maintenance Hangar at Warren Field Airport. The Airport Advisory Board has approved this lease.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council authorized the City Manager to execute the lease agreement with Thomas Saccio for the lease of a portion of the maintenance hangar at Warren Field Airport.

NORTH CAROLINA
BEAUFORT COUNTY

MAINTENANCE HANGAR (PORTION) LEASE AGREEMENT

THIS MAINTENANCE HANGAR (PORTION) LEASE AGREEMENT ("Lease") is made, entered into, and executed in duplicate originals as of the 1st day of February, 2014, by and between the CITY OF WASHINGTON, a body politic and corporate under Chapter 160A of the North Carolina General Statutes, ("LESSOR") and THOMAS SACCIO, of 4373 Maules Point Road, Blounts Creek, NC 27814, ("LESSEE").

WITNESSETH

Pursuant to Chapter 63 of the North Carolina General Statutes, including but not limited to North Carolina General Statute § 63-53 and other relevant statutory authority, and for and in consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, and in consideration of the mutual covenants contained herein as well as the valuable consideration paid and to be paid, LESSOR does hereby demise and lease unto LESSEE, and LESSEE does hereby accept from LESSOR, that certain portion (approximately 1,800 square feet) described below of that certain maintenance hangar at Warren Field Airport ("Airport") in "Maintenance Area 1" as depicted on the map dated June 5, 1978 entitled "Warren Airport Hangar Location Map," which is attached hereto as Exhibit "A" and made a part hereof.

TO HAVE AND TO HOLD said land and premises together with all privileges and appurtenances thereto belonging to it, LESSEE, upon the following terms and conditions.

SECTION ONE
Improvement, Acceptance, Maintenance and Use of Hangar

LESSEE shall construct a partition ("Improvement") in said maintenance hangar as specified in Section 4(b)(2) of this Lease in order to create approximately 1,800 square feet of space that LESSEE shall possess and occupy. Said approximately 1,800 square feet, including Improvement once made, shall hereinafter be referred to as "hangar" or "premises".

LESSEE agrees to accept the hangar in its present condition; maintain the exterior ground and interior of such hangar in its present condition, ordinary wear and tear excepted; upon termination of this Lease, surrender said premises back to LESSOR in as good condition as the same now is, ordinary wear and tear excepted; and abide by such reasonable requests as may be made by LESSOR for the proper use and maintenance of the Airport to the end that the general welfare of the public may be promoted and served thereby.

Maintenance Hangar (Portion) Lease Agreement 2014

LESSOR elects not to perform such maintenance or repair, LESSEE may terminate this Lease upon notice to LESSOR.

B. In its use of the hangar, LESSEE is granted the following specific rights and privileges:

1. LESSEE shall have the privilege of making alterations to the interior of the hangar, but any such alterations shall be subject to advance approval by LESSOR. All alterations made by LESSEE will be and become the property of LESSOR at the termination of this Lease without cost to LESSOR.

2. LESSEE shall submit to LESSOR a proposal, including location and specifications, for the construction of the Improvement, which proposal shall be modified, supplemented, amended and/or approved by LESSOR in LESSOR's sole discretion. LESSEE shall construct and maintain the Improvement consistent with LESSOR's approval as the same may be modified, supplemented, and/or amended. LESSEE expressly agrees in making the Improvement that, except with written consent of LESSOR, it will neither give nor grant, nor purport to give or grant, a lien upon the premises or upon any improvements thereupon or which is in the process of construction or repair, nor allow any condition to exist or situation to develop whereby any party would be entitled, as a matter of law, to a lien against the premises and improvements thereon, and LESSEE shall discharge any such lien within thirty (30) days after notice of filing thereof. Notice is hereby given by LESSOR to all persons that no lien shall attach to any such improvements.

3. Any and all improvements, including the Improvement, constructed or made by LESSEE on the premises shall be constructed or made in accordance with airport industry standard practices. LESSEE further covenants and agrees that any and all improvements, including the Improvement, constructed by LESSEE on the premises shall correspond in design and appearance with other facilities constructed or to be constructed on the Airport, will be in accordance with any existing Airport plan adopted by LESSOR, and shall be approved by the City of Washington Building Inspector.

C. In an effort to promote economic activity at the Airport and to insure the hangar is available to aircraft which are regularly operated, it is expected that twelve hundred dollars (\$1200) of aircraft fuel purchases will be made annually for the aircraft occupying the hangar. Failure to demonstrate at least this level of activity may be grounds for non-renewal of this Lease.

SECTION FIVE
Taxes and Assessments

LESSEE shall be responsible for and promptly pay before default any and all real and personal property taxes or special assessments, if any, that may be levied or assessed against the premises or any improvements or other property situated

Maintenance Hangar (Portion) Lease Agreement 2014

The hangar is to be used only for aircraft related operations and limited to the storage of private aircraft owned or leased by LESSEE as well as for the repair and maintenance of Lessee's private aircraft or aeronautical equipment only. Only licensed and airworthy private aircraft owned or leased by LESSEE may occupy the hangar (spare aircraft parts excepted). No other use of the hangar will be permitted. Specifically, LESSEE shall not offer or permit any commercial sale, repair service, or other aeronautical services, including the rebuilding, restoring, or maintaining of a succession of aircraft, to be offered to, rendered in, on or from the hangar. Aircraft to be hangared may be inspected by a representative of LESSOR prior to signing this Lease and during the Lease period. Should an aircraft become unairworthy during the Lease period, a determination by LESSOR may terminate this Lease.

SECTION TWO
Term

The term of this Lease shall be for one (1) year, beginning on the 1st day of February, 2014, and ending on the 31st day of January, 2015, unless sooner terminated as provided for herein.

SECTION THREE
Rental

LESSEE agrees to pay LESSOR for the use of the premises, facilities, rights, services, and privileges granted in this Lease the sum of THREE THOUSAND SIX HUNDRED DOLLARS AND 00/100 (\$3,600.00) payable monthly in the amount of THREE HUNDRED DOLLARS AND 00/100 (\$300.00), the first such payment being due and payable on or before February 1, 2014 and each monthly payment thereafter being due and payable on or before the 1st day of each successive month.

LESSEE shall receive a credit for the actual amount of expense LESSEE incurs in installing the Improvement. LESSEE shall provide an estimate and verification of expenditure for this Improvement, for approval and acceptance from LESSOR, which approval and acceptance will not be unreasonably withheld. Said credit shall be in lieu of and applied to the rental amount due hereunder and no rent shall be due hereunder until said credit amount has been exhausted. It is expressly understood by the parties that any expenses associated with any additional improvement contemplated hereunder and performed by LESSEE shall be at LESSEE's sole expense and shall not be included in said credit amount.

SECTION FOUR
Rights, Privileges, Obligations, and Responsibilities

A. LESSOR shall not be responsible for any maintenance or repair of the premises or hangar. In the event LESSEE determines that a certain maintenance or repair is needed to be performed for LESSEE's continued occupancy of the hangar, LESSEE shall so inform LESSOR. In the event

Maintenance Hangar (Portion) Lease Agreement 2014

thereon, it being the mutual intention of the parties that LESSOR shall not be required to pay any taxes on real or personal property by reason of permitting LESSEE to use said real property as herein described. LESSEE agrees to indemnify LESSOR against any loss or liability resulting from any and all claims or liens in connection with such taxes and assessments.

LESSEE must verify, if requested, that the hangared aircraft, including any spare parts and any other personal property located on the premises, that are required to be listed on the tax rolls of Beaufort County, North Carolina, for the current year, are listed on the tax rolls of Beaufort County, North Carolina, for the current year.

SECTION SIX
Rules and Regulations

LESSEE agrees to comply with all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of and agreements with all governments, departments, commissions, boards, courts, authorities, agencies, officials, officers and other parties, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Airport, including the premises, or any part thereof, or any of the adjoining property, or any use or condition of the premises or any part thereof. Further, LESSEE shall comply with any and all local, state, federal or other rules and regulations as well as all applicable environmental rules and regulations, including, but not limited to, such rules and regulations regulating hazardous or similar substances or conditions, their storage and disposal.

LESSEE agrees to observe and obey the rules and regulations with respect to the use of the Airport premises, including hangar; provided, however, that such rules and regulations shall be consistent with all rules, regulations, and orders of the Federal Aviation Administration ("FAA"); and provided further, that such rules and regulations shall not be inconsistent with the provisions of this Lease or the procedures prescribed or approved from time to time by the FAA with respect to LESSEE's use of the Airport premises, including hangar. LESSEE further agrees to indemnify and hold LESSOR harmless for any and all damage of any kind arising from LESSEE's failure to comply with the aforementioned rules and regulations, including, but not limited to, the cost of clean up, restoration fees, mitigation costs, and attorney's fees caused or occasioned by LESSEE, its employees, contractors, customers, passengers, guests, or other licensees or invitees (collectively, "LESSEE's permittees").

LESSEE agrees to abide by and cooperate with LESSOR in the enforcement and implementation of applicable Airport security regulations, safety plan standards, and measures as may be adopted by LESSOR.

SECTION SEVEN
Subordination

Maintenance Hangar (Portion) Lease Agreement 2014

This Lease shall be subject to and subordinate to the provisions of any existing or future agreement between LESSOR and the United States, the State of North Carolina, or any agencies thereof, relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development or operation of the Airport or as a condition precedent to the acquisition of the Airport facilities by LESSOR. It is specifically understood by LESSEE that this Lease is subject to the recapture clause and other conditions of grant agreements and/or grant assurances with the FAA, Department of Navy, Civil Aeronautics Administration, and the State of North Carolina, or their respective replacement administration/agency or other present successor. LESSOR shall, to the extent permitted by law, use its best efforts to cause any such agreements and/or assurances to include provisions protecting and preserving the rights of LESSEE in and to the premises, and to compensation for the taking thereof, interference therewith and damage thereto, caused by such agreements and/or assurances or by actions pursuant thereto by LESSOR or the other parties named hereinabove.

SECTION EIGHT
Indemnification

LESSEE agrees to indemnify, defend, and hold harmless LESSOR against any and all liability for injuries to persons or damage to property caused by LESSEE's or LESSEE's permittees' negligent use or occupancy of the hangar; provided, however, that LESSEE shall not be liable for any injury, damage, or loss occasioned by the negligence of LESSOR or its agents or employees; and provided further that LESSOR shall give LESSEE prompt and timely notice of any claim made or suit instituted which in any way, directly, indirectly, contingent or otherwise, affects or might affect LESSEE, and LESSEE shall have the right to compromise and defend the suit to the extent of its own interest.

SECTION NINE
Insurance

LESSEE shall procure and maintain in force necessary liability insurance coverage for the premises and LESSEE's activities thereon, including those activities of LESSEE's permittees, in the minimum amount of \$1,000,000.00 for personal injury, death and property damage resulting from each occurrence and \$1,000,000.00 aggregate to indemnify and hold harmless LESSOR from any and all liability for claims of loss, damage, or injury to persons or property caused or occasioned by the use of the premises by LESSEE or LESSEE's permittees, or their respective activities on or at the Airport during the term of this Lease. All insurance shall be carried by a responsible company and shall be in a form satisfactory to LESSOR. LESSOR shall be furnished any and all copies of all insurance policies obtained by LESSEE in compliance with this requirement when or before LESSEE begins occupancy. LESSEE agrees to maintain sufficient coverage on a current status and that all such insurance policies obtained by LESSEE in compliance with this requirement name LESSOR as additional insured and provide a thirty (30) day written notice to LESSOR of

Maintenance Hangar (Portion) Lease Agreement 2014

through or on the part of LESSEE on account of any repair or improvement work. The vesting of title in LESSOR at the time specified is a part of the consideration for this Lease.

SECTION TWELVE
Inspection by Lessor

LESSOR may enter the leased premises at any reasonable time for any purpose necessary or incidental to the performance of its obligations under this Lease. LESSEE will provide access to the hangar for inspection by LESSOR. This inspection may be made at least semi-annually with a fire department official. Any discrepancies or violations must be corrected within thirty (30) days or this Lease may be terminated.

SECTION THIRTEEN
Assignment and Subletting

LESSEE shall not at any time sublease, assign, or in any manner surrender personal control of any part of the property or rights herein leased without the written consent of LESSOR, which consent may be withheld in LESSOR's sole discretion. Provided, however, that the foregoing shall not prevent the assignment or subletting of such rights to any corporation with which LESSEE may merge or consolidate, or which may succeed to the business of LESSEE, or to the United States Government or any agency thereof. No such assignment or subletting contemplated hereunder shall release LESSEE from its obligations to pay any and all of the rentals and charges set forth in this Lease. It is recognized that the interest of all parties will be promoted and served by the increased use of the Airport facilities and it is not the intention of this provision to so restrict this use, but rather to insure that the same is accomplished with the view of serving the public interest vested in LESSOR.

SECTION FOURTEEN
Governing Law

This Lease shall be governed by, construed, and enforced in accordance with the laws of the State of North Carolina.

SECTION FIFTEEN
Severability

Any covenant, condition, or provision of this Lease that is held to be invalid by any court of competent jurisdiction shall be considered deleted from this Lease, but such deletions shall in no way effect any other covenant, condition or provision of this Lease, so long as such deletion does not materially prejudice LESSOR or LESSEE in their respective rights and obligations contained in the valid covenants, conditions, or provisions of this Lease.

Maintenance Hangar (Portion) Lease Agreement 2014

termination, material change in the terms thereof or non-renewal of such policies.

SECTION TEN
Termination and Default

A. This Lease shall terminate at the expiration of the term, unless sooner terminated as provided for herein. No holding over by LESSEE after the expiration or earlier termination of this Lease shall operate to extend or renew this Lease for any further term whatsoever; but LESSEE will, by any such holding over, become the tenant at will of LESSOR. After any written notice by LESSOR to vacate the hangar, continued occupancy thereof by LESSEE shall constitute LESSEE a trespasser.

B. This Lease shall be subject to termination by LESSOR in the event of any one or more of the following events.

1. The default by LESSEE in the performance of any of the terms, covenants, or conditions of this Lease and the failure of LESSEE to remedy, or to undertake to remedy, such default for a period of thirty (30) days after receipt of written notice from LESSOR to remedy the same. Notwithstanding the foregoing, if LESSEE abandons the hangar for any period of time, allows the hangar to remain vacant (unoccupied by aircraft) for a period in excess of ninety (90) days, fails or neglects to make any payment of rental when due, or fails to have the hangared aircraft listed on the tax rolls of Beaufort County at anytime during the term, LESSOR, at its option and without any other notice, demand, or legal proceeding, may declare this Lease void, terminate this Lease, require LESSEE to vacate, enter the hangar and eject LESSEE therefrom or may pursue any other lawful right or remedy.

2. LESSEE files a voluntary petition in bankruptcy, including a reorganization plan; makes a general or other assignment for the benefit of creditors; is adjudicated as bankrupt; or if a receiver is appointed for the property or affairs of LESSEE and such receivership is not vacated within thirty (30) days after the appointment of such receiver.

SECTION ELEVEN
Surrender of Possession

Upon termination by expiration of the term or upon earlier termination under any circumstances, LESSEE's right to use the premises described in this Lease shall cease and LESSEE shall vacate the premises without unreasonable delay. Upon any such above termination, LESSEE shall have no further right or interest in the premises or the improvements thereon, including the Improvement. It is mutually agreed that title to any and all improvements, including the Improvement, currently situated, hereafter erected, or hereafter constructed upon the premises shall remain, revert to or become owned and possessed, as the case may be, by LESSOR upon the expiration or earlier termination of this Lease, without any additional payment or consideration to LESSEE therefor, free and clear of all claims or liens

Maintenance Hangar (Portion) Lease Agreement 2014

SECTION SIXTEEN
Effect of Waiver

The waiver of any breach, violation or default in or with respect to the performance or observance of the covenants and conditions contained herein shall not be taken to constitute a waiver of any such subsequent breach, violation or default in or with respect to the same or any other covenant or condition hereof.

SECTION SEVENTEEN
Effect of Lease

All covenants, conditions, or provisions in this Lease shall extend to and bind the legal representatives, permitted successors and permitted assigns of the respective parties. This Lease is in lieu of any lease heretofore executed between the parties hereto and any such prior lease is hereby cancelled and no longer in effect.

SECTION EIGHTEEN
Attorney's Fees

In the event any action is filed in relation to this Lease, the unsuccessful party in the action shall pay to the successful party, in addition to all sums that either party may be called on to pay under this Lease, a reasonable sum for the successful party's attorney's fees.

SECTION NINETEEN
Entire Agreement

This Lease shall constitute the sole agreement between the parties hereto and it is understood that the provisions contained herein shall not be altered, modified or changed in any manner except by written agreement executed by LESSOR and LESSEE, and no oral contract or agreement, or informal memorandum shall have the effect of so modifying, altering or changing this Lease. Any prior understanding or representation of any kind preceding the date of this Lease shall not be binding on either party except to the extent incorporated in this Lease.

SECTION TWENTY
Modification of Lease

Any modification of this Lease or additional obligations assumed by either party in connection with this Lease shall be binding only if in writing signed by each party or an authorized representative of each party.

Notwithstanding anything herein to the contrary, this Lease shall be interpreted and, if necessary, amended, to ensure and preserve its compliance with any applicable Federal obligation. If LESSEE refuses to effectuate any amendment that may be required to ensure and preserve compliance with any applicable Federal obligation,

Maintenance Hangar (Portion) Lease Agreement 2014

such refusal shall constitute an event of default and this Lease may be terminated as a result thereof upon notice from LESSOR to LESSEE.

IN WITNESS WHEREOF, each party to this Lease has caused it to be duly executed by them or by their duly authorized officers and/or agents on the date indicated below.

PRE-AUDIT CERTIFICATE

This Lease has been pre-audited pursuant to North Carolina General Statute § 159-28 in the manner required by the Local Governmental Budget and Fiscal Control Act.



ATTEST:

CYNTHIA S. BENNETT, City Clerk

CITY OF WASHINGTON
MATT RAUSCHENBACH,
Chief Financial Officer

LESSOR:

CITY OF WASHINGTON
a North Carolina municipal corporation

BRIAN M. ALLIGOOD, City Manager

(CORPORATE SEAL)

ATTEST:

Name:
Title:

Date: 1-13-14

INDIVIDUAL LESSEE:

By: Thomas Saccio
Name: THOMAS SACCIO
Date: 1-15-2014

CORPORATE LESSEE:

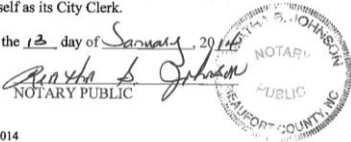
Name:
a North Carolina
By: Name:
Title:
Date:

COUNTY OF BEAUFORT
STATE OF NORTH CAROLINA

I, Reatha B. Johnson, a Notary Public of the State and County aforesaid, certify that Cynthia S. Bennett personally appeared before me this day and acknowledged that she is City Clerk of the City Of Washington, a North Carolina municipal corporation, and by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by Brian M. Alligood, its Manager, sealed with its corporate seal and attested by herself as its City Clerk.

WITNESS my hand and official seal, this the 13 day of January, 2014

My Commission expires:
Maintenance Hangar (Portion) Lease Agreement 2014



Maintenance Hangar (Portion) Lease Agreement 2014

EXHIBIT "A"

STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT

I, Reatha B. Johnson, a Notary Public in and for the State and County aforesaid, certify that THOMAS SACCIO personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and Notarial Seal, this the 15 day of January, 2014

My Commission expires: 12/14/2014
NOTARY PUBLIC

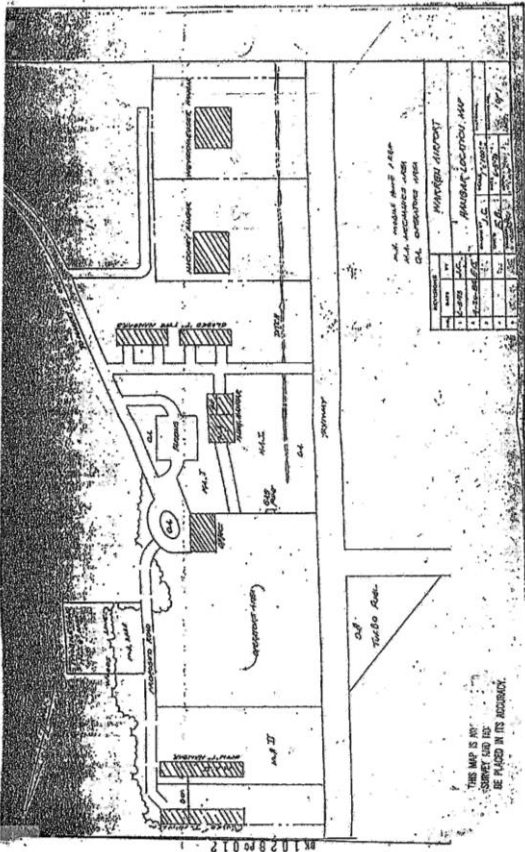
STATE OF NORTH CAROLINA
COUNTY OF

I, _____, a Notary Public of the County and State aforesaid, certify that _____, who is personally known by me or has produced satisfactory evidence of identity, appeared before me this day and acknowledged that he/she is _____ of _____, a North Carolina _____, and that by authority duly given and as the act of the _____, the foregoing instrument was signed by _____, as _____.

WITNESS my hand and Notarial Seal, this the _____ day of _____, 20__.

My Commission expires:

NOTARY PUBLIC



Maintenance Hangar (Portion) Lease Agreement 2014

Maintenance Hangar (Portion) Lease Agreement 2014

ADOPT – CAPITAL OUTLAY BUDGET ORDINANCE AMENDMENT

City Manager, Brian Alligood explained that adequate fund balance is available in the General Fund and Electric Fund to utilize for \$1,246,843 of budgeted capital purchase instead of installment financing. The General Fund will transfer the additional \$33,000 of funds needed for the Cemetery tractor purchase. As a result, debt service will be reduced \$66,856 this year and \$267,424/year for the next four. Councilman Mercer applauded the Finance Director and City Manager for the “pay as you go” method.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council adopted a budget ordinance amendment to fund the current years budgeted installment purchases with fund balance instead of installment financing.

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2013-2014**

BE IT ORDAINED by the City Council of the City of Washington, North Carolina:

Section 1. That the Estimated Revenues in the General Fund be increased or decreased in the following accounts and amount to fund capital purchases with cash instead of installment financing:

10-00-3920-9101	Proceeds From Lease Purchase	\$(383,600)
10-00-3991-9910	Fund Bal. Appropriated	<u>396,669</u>
		\$ 13,069

Section 2. That the General Fund appropriations budget be increased or decreased in the following fund accounts and amount:

10-10-4910-7401	Installment Purchases	\$(75,000)
10-10-4310-7405	Installment Purchases	(63,500)
10-10-4340-7405	Installment Purchases	(27,500)
10-20-4510-7405	Installment Purchases	(25,000)
10-40-6110-7405	Installment Purchases	(24,600)
10-40-6120-7401	Installment Purchases	(48,420)
10-40-6123-7401	Installment Purchases	(34,000)
10-40-6130-7401	Installment Purchases	(62,823)
10-10-4910-7400	Capital Outlay	75,000
10-10-4310-7400	Capital Outlay	63,500
10-10-4340-7400	Capital Outlay	27,500
10-20-4510-7400	Capital Outlay	25,000
10-40-6110-7400	Capital Outlay	24,600
10-40-6120-7400	Capital Outlay	48,420
10-40-6123-7400	Capital Outlay	34,000
10-40-6130-7400	Capital Outlay	62,823
10-00-4400-3900	Transfer to Cemetery Fund	33,000
10-50-4020-8100	Principal Payments	(18,538)
10-50-4020-8300	Interest	<u>(1,393)</u>
		\$ 13,069

Section 3. That the Estimated Revenues in the Electric Fund be increased or decreased in the following accounts and amount:

35-90-3920-9100	Installment Note Proceeds	\$(851,000)
35-90-3991-9910	Fund Bal. Appropriated	<u>806,075</u>
		\$(44,925)

Section 4. That the Electric Fund appropriations budget be increased or decreased in the following fund accounts and amount:

35-90-7250-7401	Installment Purchases	\$(70,000)
35-90-8370-7401	Installment Purchases	(129,000)
35-90-8375-7401	Installment Purchases	(70,000)
35-90-8390-7401	Installment Purchases	(582,000)
35-90-7250-7400	Capital Outlay	70,000
35-90-8370-7400	Capital Outlay	129,000
35-90-8375-7400	Capital Outlay	70,000
35-90-8390-7400	Capital Outlay	582,000

35-90-4020-8300	Installment Note Principal	(41,775)
35-90-4020-8301	Installment Note Interest	<u>(3,150)</u>
		\$(44,925)

Section 5. That the Estimated Revenues in the Cemetery Fund be increased or decreased in the following accounts and amount:

39-90-3920-9101	Installment Note Proceeds	\$(35,000)
39-90-3980-1000	Transfer From General Fund	<u>33,000</u>
		\$(2,000)

Section 6. That the Cemetery Fund appropriations budget be increased or decreased in the following fund accounts and amount:

39-90-4740-7401	Installment Purchases	\$(35,000)
39-90-4740-7400	Capital Outlay	35,000
39-90-4020-8300	Installment Note Principal	(1,700)
39-90-4020-8301	Installment Note Interest	<u>(300)</u>
		\$(2,000)

Section 7. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 8. This ordinance shall become effective upon its adoption.

Adopted this the 13th day of January, 2014.

ATTEST:

s/Cynthia S. Bennett
City Clerk

s/Mac Hodges
Mayor

MID-EAST COMMISSION REQUEST FOR SUPPORT OF NEW OFFICES PROJECT

City Manager, Brian Alligood explained this item is to review and consider the request by the Mid-East Commission for informal support of a project to build and finance new offices. A letter from Mid-East Commission Executive Director Timmy Baynes was forwarded to Council requesting Council to support a project to build and finance new offices for the Commission. He has included a draft interlocal agreement and resolution of support, but is not asking for formal action at this time, just willingness to participate in the project. Mr. Baynes has estimated that no additional funds will be required from the City as a result of this project, as existing membership dues will be used to pay the debt service. Mid-East has asked their largest member governments for an informal commitment for this project.

Councilman Mercer explained he is Chairman of the Mid-East Commission and they have been renting space in Washington for numerous years. They currently pay approximately \$145,000 annually in rent. Beaufort County has agreed to donate the Mid-East Commission the property of the former Beaufort County Home if they can secure financing. The State Historic Preservation Office noted that the County Home property may be of historic value, which may cause a problem with the project. The request tonight does not commit the City to saying they will be a member forever, you still have the option to withdraw. There is no commitment for funding or financing, this will come from USDA. The office facility will include offices for the Employment Security Commission as well.

By motion of Mayor Pro tem Roberson, seconded by Councilman Beeman, Council authorized the Mid-East Commission by giving informal support of a project to build and finance new offices.

ELECTRIC FUND AND ELECTRIC UTILITIES ADVISORY BOARD

Councilman Mercer suggested that the Electric Advisory Board needs to expand their scope and review all the electric programs, such as peak shaving, load management, etc. in order to reduce the spending differential. They can begin to make suggestions as to where they can cut our cost in other areas in the Electric Fund not just in load management programs. Councilman

Brooks felt he needed further information before agreeing for this to go to the advisory board. Councilman Pitt agreed and noted that staff has much more knowledge with this and we should be careful in charging an advisory board with dealing with our dollars, he suggested presenting this to the WEU Advisory Board and see if they will accept this challenge and any additional training they may need. Councilman Mercer said he is asking that the WEU Advisory Board just cast another set of eyes on our numbers and offer any suggestions to Council/staff. Councilman Pitt will present this request to WEU at their next meeting.

ANY OTHER ITEMS FROM CITY MANAGER: NONE

ANY OTHER BUSINESS FROM THE MAYOR OR OTHER MEMBERS OF COUNCIL:
NONE

**CLOSED SESSION – UNDER NCGS § 143-318.11 (A)(3) ATTORNEY/CLIENT
PRIVILEGE; (A)(4) ECONOMIC DEVELOPMENT AND (A)(6) PERSONNEL**

By motion of Councilman Pitt, seconded by Councilman Beeman, Council entered into Closed Session at 8:40pm under NCGS 143-318.11 (A)(3) Attorney/Client Privilege, (A)(4)Economic Development and (A)(6) Personnel.

By motion of Councilman Mercer, seconded by Councilman Brooks, Council agreed to come out of closed session at 10:10pm.

**ADJOURN – UNTIL TUESDAY, JANUARY 21, 2014 AT 5:30 PM,
AT THE CIVIC CENTER**

By motion of Councilman Brooks, seconded by Councilman Beeman, Council adjourned the meeting at 10:10pm until Tuesday, January 21, 2014 at 5:30pm at the Civic Center.

Cynthia S. Bennett, CMC
City Clerk